

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION**

**FORD MOTOR CREDIT COMPANY
LLC,**
 Plaintiff,

v.

BART REAGOR AND RICK DYKES,
 Defendants.

§
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§

Civil Action No.: 5:18-cv-00186

APPENDIX TO DEFENDANTS' BRIEF IN SUPPORT OF RULE 56(d)
MOTION TO DEFER CONSIDERATION OF PLAINTIFF'S MOTION
FOR SUMMARY JUDGMENT AND TO TAKE DISCOVERY

Defendants Bart Reagor and Rick Dykes file this their Appendix to their Brief in Support of Rule 56(d) Motion to Defer Consideration of Ford Motor Credit Company, LLC's Motion for Summary Judgment and to Take Discovery.

<u>EXHIBIT</u>	<u>ITEM</u>	<u>PAGE NO.</u>
	Declaration of Robert Schleizer	App. 001 - 002
	Declaration of Scott Wiehle	App. 003 - 004
A	Deposition Excerpts from Gary Byrd, Jr. Deposition of August 15, 2018	App. 005 - 031
B	Email from Ford Credit Employee Gwen Schmucker to Mr. Reagor and Other Employees Dated June 29, 2018	App. 032 - 035
C	Deposition Excerpts from Gwen Schmucker Deposition of August 15, 2018	App. 036 - 055
D	Deposition Excerpts from James Conlan Deposition of August 15, 2018	App. 056 - 074
E	Deposition Excerpts from Rene Leal Deposition of August 15, 2018	App. 075 - 099

Respectfully submitted,

/s/ Marshall M. Searcy, Jr.

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ATTORNEY FOR RICK DYKES

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing was delivered to the following parties in accordance with the Federal Rules of Civil Procedure on January 25, 2019.

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/s/ Marshall M. Searcy, Jr.
Marshall M. Searcy, Jr.

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION**

FORD MOTOR CREDIT COMPANY LLC,	§	
Plaintiff,	§	
	§	
	§	
v.	§	Civil Action No.: 5:18-cv-00186
	§	
BART REAGOR AND RICK DYKES,	§	
Defendants.	§	

DECLARATION OF ROBERT SCHLEIZER

1. My name is Robert Schleizer. I am over eighteen (18) years of age, am of sound mind and am competent to make this declaration. The facts stated herein are within my personal knowledge and are all true and correct.

2. I am the Managing Partner of BlackBriar Advisors LLC (“BlackBriar”). The bankruptcy court approved BlackBriar to be the Chief Restructuring Officer (“CRO”) to the Reagor-Dykes dealerships in bankruptcy. Part of that process is reviewing the financial records of the Reagor-Dykes dealerships to determine the amounts owed to creditors. Another part of that process is reviewing and proposing a sale or recapitalization of the dealership assets, the proceeds of which would be used to fund a reorganization plan to pay claims or creditors. The CRO is also responsible for any claims or damages that the Reagor-Dykes dealerships bankruptcy estates may have against third parties.

3. As the CRO, BlackBriar has been working diligently with bankruptcy counsel to prepare a Chapter 11 plan of reorganization for the Reagor-Dykes dealerships,

which was filed with the bankruptcy court on or about January 7, 2019. [Case 18-50214-rlj11, Doc. 795]] Negotiations relating to the plan between all parties in interest, including the Reagor-Dykes dealerships and Ford Motor Credit are ongoing at this time.

4. Administering the estate of the Reagor-Dykes dealerships and providing information to Ford Motor Credit have consumed all of the CRO's efforts. The CRO could not have performed its job if it had to provide access to documents and information to Reagor and Dykes. Thus, the CRO, which is in possession and control of all documents of the Reagor-Dykes dealerships, has not permitted Bart Reagor ("Reagor") (or his counsel) or Rick Dykes ("Dykes") or his counsel to inspect the documents of the Reagor-Dykes dealerships.

5. The CRO (working with bankruptcy counsel) has also refrained from seeking (a) Ford Motor Credit documents, (b) Ford Motor Credit communications (including those between Shane Smith ("Smith") and Gary Byrd ("Byrd"), who is the Ford Motor Credit employee that managed the Reagor-Dykes dealerships account with Ford Motor Credit), (c) Ford Motor Credit's audit results; and (d) Byrd's private communications with Smith.

6. Pursuant to 28 U.S.C. §1746, I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct."

Executed on January 25, 2019.



Robert Schleizer

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION**

FORD MOTOR CREDIT COMPANY LLC, §
Plaintiff, §

v. §

BART REAGOR AND RICK DYKES, §
Defendants. §

Civil Action No.: 5:18-cv-00186

DECLARATION OF SCOTT WIEHLE

1. My name is Scott Wiehle. I am over eighteen (18) years of age, am of sound mind and am competent to make this declaration. The facts stated herein are within my personal knowledge and are all true and correct.

2. I am a licensed attorney in the State of Texas and am currently an attorney in the law firm of Kelly Hart & Hallman LLP (the “Kelly Hart firm”). I represent Bart Reagor in this matter.

3. On August 15, 2018, I attended the depositions of Ford Motor Credit employees Gary Byrd, Gwen Schmucker, James Conlan, and Rene Leal. The depositions were taken in the bankruptcy case of the Reagor-Dykes auto dealerships. The subjects of the depositions were limited to information relevant to a cash and collateral hearing to be held in the bankruptcy court the following day, August 16, 2018. I did not ask any questions because my client, Mr. Reagor, is not a party to the bankruptcy case.

4. Attached hereto as Exhibit A is a true and correct copy of excerpts of the limited deposition of Gary Byrd.

5. Attached hereto as Exhibit B is a true and correct copy of an email dated June 29, 2018, from Ford Credit employee Gwen Schmucker to Mr. Reagor and other Reagor-Dykes employees, which was Exhibit 4 to Gary Byrd's deposition.

6. Attached hereto as Exhibit C is a true and correct copy of excerpts of the limited deposition of Gwen Schmucker.

7. Attached hereto as Exhibit D is a true and correct copy of excerpts of the limited deposition of James Conlan.

8. Attached hereto as Exhibit E is a true and correct copy of excerpts of the limited deposition of Rene Leal.

9. Pursuant to 28 U.S.C. §1746, I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct."

Executed on January 25th, 2019.


Scott Wiehle

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:)
REAGOR-DYKES MOTORS, LP,)Case No. 18-50214-rjl1
Debtor.)

IN RE:)
REAGOR-DYKES IMPORTS, LP,)Case No. 18-50215-rjl1
Debtor.)

IN RE:)
REAGOR-DYKES AMARILLO, LP,)Case No. 18-50216-rjl1
Debtor.)

IN RE:)
REAGOR-DYKES AUTO COMPANY,)
LP,)Case No. 18-50217-rjl1
Debtor.)

IN RE:)
REAGOR-DYKES PLAINVIEW, LP,)Case No. 18-50218-rjl1
Debtor.)

IN RE:)
REAGOR-DYKES FLOYDADA, LP,)Case No. 18-50219-rjl1
Debtor.)

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APPEARANCES

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ORAL DEPOSITION OF
GARY BYRD, JR.
AUGUST 15, 2018
Volume 1

ORAL DEPOSITION OF GARY BYRD, JR., produced as a
witness at the instance of the DEBTOR, and duly sworn,
was taken in the above-styled and numbered cause on
AUGUST 15, 2018, from 11:01 a.m. to 12:28 p.m., before
Kaillee Pereira, CSR in and for the State of Texas,
reported by machine shorthand, at the law offices of
Mullin, Hoard & Brown, L.L.P., 1500 Broadway, Suite 700,
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Page 4

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EXHIBIT

A

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 13 Lubbock, Texas 79401
 14 (806) 771-0700
 15 david@hurleyguinn.com

ALSO PRESENT:

16 Mr. Brad Burgess
 17 Mr. Mike Cannon
 18 Mr. Toby Cecil
 19 Mr. Rick Dykes
 20 Mr. Jonathan Hill
 21 Mr. Audin Herrera
 22 Mr. Howie Ravitz
 23 Mr. Scott Wade
 24
 25

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INSTRUCTIONS FOR SIGNING A DEPOSITION

1 Rules of Civil Procedure under which this
 2 deposition was taken provide that the deposition
 3 transcript shall be made available to the witness or his
 4 attorney of record for examination and signature by the
 5 witness.

6 This deposition condensed transcript is provided
 7 for your review. It is yours to keep. Read it
 8 carefully before making any changes or corrections.
 9 Make transcript corrections on the Witness Signature
 10 Page.

11 Changes and/or corrections must be made in the
 12 following manner:

13 (1) Indicate by number the page and line you wish
 14 to alter;

15 (2) Indicate your change or correction;

16 (3) Give the reason for making the change.

17 When you have followed the instructions above, sign
 18 the Witness Signature Page before a Notary Public and
 19 return it as soon as possible.

20 When we have received the signed and notarized
 21 transcript, we will forward all attorneys of record a
 22 copy of the completed Witness Signature Page and deliver
 23 the original transcript to Mr. David Mullin for
 24 safekeeping and use at trial.

25 If you have any questions about this procedure,
 please call my office at (806) 795-4202.

Kailee Pereida, CSR
 Caprock Court Reporting, Inc.
 1112 Texas, Suite 200
 Lubbock, Texas 79401
 (806) 795-4202

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CERTIFIED QUESTIONS

NO.	PAGE/LINE
1	16 7
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1 (Exhibit 1 marked.)

2 (Witness sworn by court reporter.)

3 GARY BYRD, JR.,

4 having been first duly sworn, testified as follows:

EXAMINATION

6 BY MR. MULLIN:

7 Q. Please state your full name.

8 A. Gary Keith Byrd, Jr.

9 Q. Okay. Mr. Byrd, Exhibit No. 1 is the notice
 10 of your deposition. Have you seen that before?

11 A. This is the first time I've seen it.

12 Q. Have you -- are you represented by Ford Motor
 13 Credit's counsel, Mr. Langley, here today?

14 MR. LANGLEY: Yeah, I'll make my
 15 appearance. I'm Keith Langley. I'm counsel for Ford
 16 Credit and for Mr. Byrd here today.

17 MR. MULLIN: Does everybody else want to
 18 make their appearance?

19 David Mullin and David Langston for the
 20 Debtors.

21 MR. BUSTOS: Fernando Bustos for Vista
 22 Bank.

23 MR. STROHSCHIEIN: Steve Strohschein for GM
 24 Financial.

25 MR. CARDER: Mark Carder, First Bank &

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1 Trust
 2 MR. LASHAWAY: Jeff Lashaway, AimBank.
 3 MR. MASSOUH: John Massouh, First Capital
 4 Bank of Texas.
 5 MR. DALE: John Dale, IBC Bank.
 6 MR. WIEHLE: Scott Wiehle, Bart Reagor –
 7 for Bart Reagor.
 8 MR. HILL: Jonathan Hill, AimBank.
 9 MR. WADE: Scott Wade, AimBank.
 10 MR. HERRERA: Audin Herrera, Vista Bank.
 11 MR. CECIL: Toby Cecil, Vista Bank.
 12 MR. DYKES: Rick Dykes, Reagor-Dykes.
 13 Q. (BY MR. MULLIN) Have you ever given your
 14 deposition before?
 15 A. No.
 16 Q. Do you understand that the court reporter is
 17 taking down your answers and my questions and will put
 18 them into a booklet that could be read back at a hearing
 19 or a trial in this case?
 20 A. I do.
 21 Q. And do you understand that you're under oath?
 22 A. Yes, I do.
 23 Q. Okay. And do you – let me just tell you,
 24 there could be objections during your deposition, but
 25 those objections are for the Judge. And unless your

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1 counsel tells you not to answer, you should answer.
 2 And you are represented by Mr. Langley
 3 today?
 4 A. Yes.
 5 Q. If there's any time during the deposition that
 6 you need a break, just let me know. I only ask that
 7 you – my only request is that you would answer the
 8 pending question before we take a break.
 9 A. Okay.
 10 Q. And there may be times when you feel like you
 11 know what the question is before I finish it and you
 12 want to answer right away. But if you'll just wait for
 13 me to finish my question, and I'll try to wait for you
 14 to finish your answer.
 15 A. Okay.
 16 Q. And that'll make the record a little easier
 17 for the court reporter to take down.
 18 What did you do to prepare for your
 19 deposition?
 20 A. Answer some questions from my attorneys.
 21 Q. Did you review any documents?
 22 A. No.
 23 Q. Have you communicated with Shane Smith in any
 24 way since July 27th?
 25 A. That was a Saturday, correct?

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1 Q. I think that's a Friday, but we can
 2 double-check that.
 3 A. 28th was Saturday, correct?
 4 Q. Yeah.
 5 A. So you said – can you repeat the question?
 6 Q. Yeah. Have you communicated with Shane Smith
 7 since July 27th?
 8 A. Yes.
 9 Q. Okay. And what was the – when did you do
 10 that?
 11 A. Saturday.
 12 Q. The 28th? Or do you mean this past Saturday?
 13 MR. LANGLEY: Saturday is July 28th.
 14 A. The 28th.
 15 Q. (BY MR. MULLIN) Okay. And what did you talk
 16 to Mr. Smith about on the 28th?
 17 A. I called him to let him know that his boss had
 18 threatened me.
 19 Q. And meaning Mr. Reagor?
 20 A. Yes.
 21 Q. And what did Mr. Smith say about that?
 22 A. Silence and apologized.
 23 Q. And what else did you talk about with
 24 Mr. Smith that day?
 25 A. Nothing. It was a very short call.

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1 Q. Is that the last time you've talked to
 2 Mr. Smith?
 3 A. Yes, it is.
 4 Q. Have you communicated in any other way with
 5 Mr. Smith since then?
 6 A. No.
 7 Q. No e-mails, no texts, nothing?
 8 A. No.
 9 Q. Are – is Mr. Smith on your Facebook?
 10 A. Don't know. I'd have to look.
 11 Q. Are you on his Facebook --
 12 A. I don't know.
 13 Q. -- as his Facebook friend?
 14 A. I don't know.
 15 Q. How about Twitter? Do you do Twitter or any
 16 other kind of social media --
 17 A. Very limited.
 18 Q. -- with Mr. Smith?
 19 A. No.
 20 Q. Did you, in the past, communicate with
 21 Mr. Smith via his SBC Global e-mail account?
 22 A. Yes.
 23 Q. Okay. And we would ask that Ford Motor and
 24 you preserve all e-mail, texts, records of any kind of
 25 communications with Mr. Smith.

<p style="text-align: right;">Page 13</p> <p>1 MR. LANGLEY: We'll respond to those</p> <p>2 requests.</p> <p>3 MR. WIEHLE: Could y'all speak up some?</p> <p>4 It's hard to hear everyone there. I apologize for</p> <p>5 interrupting.</p> <p>6 Q. (BY MR. MULLIN) I'm sorry. If I speak up too</p> <p>7 much, it's almost like we're yelling in each other's</p> <p>8 face.</p> <p>9 All right. How long have you known</p> <p>10 Mr. Smith?</p> <p>11 A. Since early two-thousands.</p> <p>12 Q. And did you go to school together?</p> <p>13 MR. LANGLEY: We're not going to go</p> <p>14 further into these areas. They don't relate to the</p> <p>15 issues before the bankruptcy court tomorrow.</p> <p>16 Q. (BY MR. MULLIN) Have you ever -- you and</p> <p>17 Mr. Smith socialized together?</p> <p>18 MR. LANGLEY: We're not going to respond</p> <p>19 to any such questions that don't relate to the cash</p> <p>20 sources and uses or the collateral positions of Ford</p> <p>21 Credit.</p> <p>22 MR. MULLIN: I think it goes to the</p> <p>23 credibility of witnesses and --</p> <p>24 MR. LANGLEY: We won't respond.</p> <p>25 MR. MULLIN: -- information -- okay.</p>	<p style="text-align: right;">Page 15</p> <p>1 MR. LANGLEY: I'm instructing you not to</p> <p>2 answer</p> <p>3 A. I'm following his advice.</p> <p>4 Q. (BY MR. MULLIN) And have you -- have you, in</p> <p>5 the last two years, received anything of value from</p> <p>6 Mr. Smith?</p> <p>7 MR. LANGLEY: Same instruction. We will</p> <p>8 not respond.</p> <p>9 Q. (BY MR. MULLIN) Are you going to follow your</p> <p>10 counsel's instruction?</p> <p>11 A. I am.</p> <p>12 Q. Have you -- has -- have you given anything of</p> <p>13 value to Mr. Smith in the last two years?</p> <p>14 MR. LANGLEY: Move on, Counsel. Do you</p> <p>15 have anything related to the cash collateral hearing?</p> <p>16 MR. MULLIN: I've got plenty related to</p> <p>17 the cash collateral hearing.</p> <p>18 MR. LANGLEY: Same instruction.</p> <p>19 Q. (BY MR. MULLIN) Have you had any</p> <p>20 communications with Mr. Smith in the last six months</p> <p>21 about vehicles being out of trust or double-flooring of</p> <p>22 vehicles?</p> <p>23 A. Yes.</p> <p>24 Q. Okay. When were those?</p> <p>25 A. Friday, July 27th.</p>
<p style="text-align: right;">Page 14</p> <p>1 Well, I understand. But I'm going to finish my</p> <p>2 statement.</p> <p>3 MR. LANGLEY: Oh, please do.</p> <p>4 MR. MULLIN: We are seeking information</p> <p>5 that is relevant because it goes to the credibility of</p> <p>6 Ford's witnesses on the very issues that are before the</p> <p>7 Court tomorrow.</p> <p>8 MR. LANGLEY: Okay. For the record --</p> <p>9 I'm sorry.</p> <p>10 MR. MULLIN: Go ahead.</p> <p>11 MR. LANGLEY: For the record, I don't</p> <p>12 represent Ford Motor Company. When you say Ford, I hear</p> <p>13 Ford Motor Company. I represent Ford Credit and</p> <p>14 Mr. Byrd. We're here on behalf of Ford Credit and</p> <p>15 Mr. Byrd.</p> <p>16 MR. MULLIN: Okay. Well, I'm talking</p> <p>17 about Ford Credit. So that's who we're talking about</p> <p>18 right now, not Ford Motor.</p> <p>19 Q. (BY MR. MULLIN) Have you and Mr. Smith,</p> <p>20 within the last two years, traveled or vacationed</p> <p>21 together?</p> <p>22 MR. LANGLEY: We won't respond to any</p> <p>23 such questions today.</p> <p>24 Q. (BY MR. MULLIN) Are you going to follow your</p> <p>25 counsel's advice?</p>	<p style="text-align: right;">Page 16</p> <p>1 Q. Was that the first time you had ever talked to</p> <p>2 Mr. Smith about vehicles being out of trust?</p> <p>3 A. Yes.</p> <p>4 Q. And was that the first time you've ever talked</p> <p>5 to Mr. Smith about double-flooring of vehicles?</p> <p>6 A. No.</p> <p>7 Q. Okay. When was the first time you talked to</p> <p>8 Mr. Smith about double-flooring of vehicles?</p> <p>9 MR. LANGLEY: Instruct the witness not to</p> <p>10 answer.</p> <p>11 A. I'm going to follow my counsel's advice.</p> <p>12 MR. LANGSTON: Certify.</p> <p>13 Q. (BY MR. MULLIN) Tell me what you discussed</p> <p>14 with Mr. Smith about vehicles being out of trust on</p> <p>15 July 27th.</p> <p>16 A. I discussed with him the amounts that were due</p> <p>17 to Ford Credit. I discussed with him some examples of</p> <p>18 vehicles being floor-planned that were sold. And I</p> <p>19 discussed the need for the dealerships to give us the</p> <p>20 keys and MSO's when I verified that he didn't have the</p> <p>21 funds to pay Ford Credit for what was owed to Ford</p> <p>22 Credit.</p> <p>23 Q. Let's take those -- take each of those pieces.</p> <p>24 First, on the out-of-trust vehicles, did</p> <p>25 you quantify the amount at that time for him?</p>

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1 A. Roughly.
 2 Q. And roughly what was the amount?
 3 A. Well, the amount owed to Ford Credit was --
 4 I'm going to round up and call it \$40 million.
 5 Q. Okay. And what was Mr. Smith's response to
 6 that --
 7 A. We will pay --
 8 Q. -- \$40 million?
 9 A. We've always paid you what we owe you, and
 10 we're going to pay you what we owe you.
 11 Q. And how did you respond to his statement that
 12 we always pay -- we're always going to pay you and we
 13 always pay you what we owe you?
 14 A. I told him that I needed to see proof that
 15 they had the money for the EFTs that were entered. I
 16 needed proof that they were going to clear.
 17 Q. And what did Mr. Smith say to that?
 18 A. He provided me an Excel spreadsheet.
 19 Q. Do you have that?
 20 A. I do not.
 21 Q. Did you keep it?
 22 A. I did not.
 23 Q. You looked at an Excel spreadsheet. And what
 24 did the Excel spreadsheet show?
 25 A. It had various entities with receivables and

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1 cash balances and contracts and transits, etcetera.
 2 Q. And -- and what did you say to Mr. Smith after
 3 you reviewed the Excel spreadsheet?
 4 A. That that wasn't going to be good enough, they
 5 needed to see proof of funds and the Excel spreadsheet
 6 was insufficient to do that.
 7 Q. And what did Mr. Smith say to that?
 8 A. He said, "That's what I have." And I said, "I
 9 need to see bank balances. I need to see proof of
 10 funds."
 11 Q. Did he show you any bank balances?
 12 A. He did.
 13 Q. And what -- how did you respond to that?
 14 A. After we went through them all, it wasn't --
 15 it wasn't near enough money. And I communicated to him
 16 that that's not enough money.
 17 Q. How much was it?
 18 A. In the 13- to 15-million-dollar range, what he
 19 showed me.
 20 Q. And do you know what happened to that 13 to 15
 21 million dollars?
 22 A. I do not.
 23 Q. Okay. So what further conversation did you
 24 have with Mr. Smith that day?
 25 A. Once we verified that there wasn't enough

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1 money to pay for what was owed, I communicated to him
 2 that he needed to instruct the dealerships to give us
 3 keys and MSO's and possession of the inventory --
 4 inventory and titles.
 5 Q. And what did -- how did he respond to your
 6 request?
 7 A. Turned red a few times, put his head and arms
 8 on the desk and laid there for 30 to 45 seconds, and
 9 then started making some phone calls.
 10 Q. Who did he -- who did he call or who did he
 11 tell you he was calling?
 12 A. I don't know who he called.
 13 Q. What was he saying on the phone?
 14 A. He was calling the dealerships to instruct
 15 them to cooperate with Ford Credit.
 16 Q. Did you speak with Mr. Reagor or Mr. Dykes on
 17 the 27th?
 18 A. Yes.
 19 Q. Who did you talk to?
 20 A. Both.
 21 Q. Okay. And tell me about your conversation
 22 with Mr. Reagor.
 23 A. Mr. Reagor was coming back from Bermuda to
 24 Washington, D.C. I think he mentioned Dulles Airport.
 25 And then from Dulles to Dallas and then from Dallas to

Page 20

1 Lubbock. So he told me about that. And then we were
 2 texting. I think he was in flight. I'm not sure, but I
 3 think he was. And we were texting back and forth about
 4 our findings.
 5 Q. So you had text messages going back and forth
 6 between you and Mr. Reagor?
 7 A. Yes.
 8 Q. Did you have any -- anything else that was
 9 exchanged between you orally?
 10 A. A phone call.
 11 Q. And what did you discuss?
 12 A. We discussed -- and this is when -- after he
 13 had landed in Dallas. And he told me he was on the
 14 tarmac. And he told me he was getting ready to catch
 15 his flight to Lubbock, which was -- it sounded like a
 16 private flight. And I told him about the 40 million.
 17 He adamantly disagreed with my statement that he owed us
 18 \$40 million.
 19 I told him that we had found some examples
 20 where vehicles were floored that were previously sold.
 21 I told him that we had some examples of vehicles being
 22 floor-planned on more than one credit line. And I also
 23 told him -- and he continued to disagree with the amount
 24 that was due. And then I said, "Well, Bart, we're going
 25 to come back on Tuesday to count the vehicles again."

Page 21

1 And we can verify and solidify the amount that was due."
 2 And he became enraged. He started
 3 screaming and yelling at me. And he said, "No, you
 4 won't. I'll shoot your fucking ass." And I immediately
 5 ended the phone call, followed by a phone call to Rick
 6 Dykes to tell him what had happened, followed by a phone
 7 call to Shane Smith to let him know what had happened,
 8 followed by a phone call to my boss to let him know what
 9 happened.
 10 Q. Who's your boss?
 11 A. Paul Boudreau.
 12 Q. What explanation did Mr. Smith give to you for
 13 the 40 million out of trust?
 14 A. None.
 15 Q. What about the double-pledging?
 16 A. None.
 17 Q. Did you -- did you ask him for an explanation?
 18 A. Absolutely.
 19 Q. And what did he do? Did he sit there
 20 silently?
 21 A. He said, "I'm going to have to research it. I
 22 don't know."
 23 Q. And then you called Mr. Dykes. Tell me about
 24 that conversation.
 25 A. I called Rick to tell him about what had

Page 23

1 there pretty late. I don't have the exact time. But I
 2 met with Shane and Rick and left sometime after that.
 3 Q. Okay. So was it just you and Mr. Smith in
 4 that office for at least seven hours that day?
 5 A. There were people in and out, and he was in
 6 and out. And he would allow me to use his office to
 7 make private phone calls. I was in their corporate
 8 office all day, but not necessarily in Shane Smith's
 9 office the entire time.
 10 Q. You were in their office most of -- in his
 11 office -- in Shane Smith's office most of the day; isn't
 12 that true?
 13 A. I was in his office a lot that day. And I was
 14 out in the hall and making phone calls elsewhere as
 15 well.
 16 Q. What time -- what time of day was that you
 17 told Mr. Smith about the out of trust?
 18 A. It was later in the day. Probably 4:30 to
 19 5:00, somewhere around in there. I can't quote the
 20 exact time. But it was later in the afternoon.
 21 Q. Tell me about your conversation with
 22 Mr. Boudreau. What did you discuss?
 23 A. Which one?
 24 Q. Well, the one you said you -- you just told us
 25 about, you reporting --

Page 22

1 happened with Bart.
 2 Q. And what did you discuss with Mr. Dykes at
 3 that time?
 4 A. I told him what Bart said to me.
 5 Q. Had -- did you tell Mr. Dykes about the
 6 out-of-trust situation and the double-pledging?
 7 A. I believe he was already aware of it.
 8 Q. How was he aware of it?
 9 A. Because he came to the office Friday night and
 10 met with Shane and I.
 11 Q. Okay. Is it true that you spent the whole day
 12 in Shane Smith's office on July 27th?
 13 A. I got to the office around 10:00. And I was
 14 there quite a while, yes.
 15 Q. Did you go have lunch with Mr. Smith that day?
 16 A. I did.
 17 Q. Where did you go?
 18 A. I don't know the name of the restaurant. It
 19 was an Italian restaurant downstairs from their office.
 20 Q. Okay. And what time did you leave?
 21 A. Lunch or --
 22 Q. After you left Mister -- what time did you
 23 leave Mr. Smith's office?
 24 A. It was sometime after Rick got there. And I
 25 believe it was 6:30, 7:00, something like that. We were

Page 24

1 A. So to clarify --
 2 Q. -- your conversation with Mr. Reagor.
 3 A. To clarify the call after I was threatened.
 4 Q. And what did Mr. Boudreau say?
 5 A. I don't recall exactly what he said. It
 6 was -- there was a long pause after I told him what had
 7 happened. And we talked about what had happened and the
 8 circumstances, and we ended the call. And he had some
 9 phone calls that he needed to make to notify some people
 10 as to what happened.
 11 Q. Okay.
 12 A. It wasn't a long call. It was a brief call.
 13 Q. Who -- who else was he going to notify?
 14 A. I don't know.
 15 Q. Have you ever been convicted of a felony?
 16 A. No.
 17 Q. How about a misdemeanor involving moral
 18 turpitude? Have you ever been convicted of one of
 19 those?
 20 A. No.
 21 Q. Have you been contacted by the U.S. Attorney
 22 in connection with the Reagor-Dykes matter?
 23 A. No.
 24 Q. How about the FBI?
 25 A. No.

Page 25

1 Q. Tell me what your job is at Ford Motor Credit.
 2 A. I'm the Dallas regional manager.
 3 Q. Okay. What does the Dallas regional manager
 4 do?
 5 A. I manage a territory which includes all of
 6 Oklahoma and the top half of Texas. I have roughly 130
 7 dealerships that I manage, 10 employees. I manage the
 8 relationships with those dealers and business
 9 development and generating revenue and volume for Ford
 10 Credit.
 11 Q. And is your boss Mr. Boudreau?
 12 A. He is.
 13 Q. Is he your only boss, or are there other
 14 bosses?
 15 A. He's my only boss.
 16 Q. What's Mr. Boudreau's title?
 17 A. General manager of the central market area.
 18 Q. And there are three other people being deposed
 19 today; Ms. Schmucker, Mr. Leal, and Mr. Conlan. Are
 20 they all people who report up to you?
 21 A. Just one.
 22 Q. Which one?
 23 A. Gwen.
 24 Q. And then what about Mr. Leal and Mr. Conlan?
 25 How are they --

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1 Q. How did that come about?
 2 A. I don't know.
 3 Q. Who directed it to occur?
 4 A. I don't know.
 5 Q. Who informed you it was going to occur?
 6 A. I wasn't informed it was going to occur.
 7 Q. Well, why were you at Reagor-Dykes on July the
 8 27th?
 9 A. Because I was asked to come to Lubbock.
 10 Q. By?
 11 A. My boss.
 12 Q. Mr. Boudreau?
 13 A. Yes.
 14 Q. And did he mention Black Belt to you?
 15 A. No.
 16 Q. When was the first time you heard about Black
 17 Belt being associated with Reagor-Dykes?
 18 A. Sometime after June 28th. I don't know
 19 exactly when.
 20 Q. And what were you told?
 21 A. That they -- there -- that they applied this
 22 process to the June 28th audit and there were some
 23 irregularities and discrepancies uncovered. And those
 24 were reviewed with us at that time.
 25 Q. And the -- so the -- the June 28th audit was

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1 A. Coworkers.
 2 Q. Just coworkers?
 3 A. Colleagues, coworkers.
 4 Q. Okay. What's Ms. Schmucker's title?
 5 A. Business development manager West Texas.
 6 Q. And what about Mr. Leal? What's his title?
 7 A. He is the financial services manager for the
 8 central market area.
 9 Q. And what about Mr. Conlan? What's his title?
 10 A. I don't know his title. He's --
 11 Q. Do you know what he does?
 12 A. He's a Black Belt -- a Master Black Belt for
 13 Six Sigma process.
 14 Q. So that's a computer program you're talking
 15 about?
 16 A. It's a process where you identify defects per
 17 million opportunities. It's a well-known process
 18 improvement plan.
 19 Q. So when you're saying, "defects," you're
 20 talking about red flags, something wrong?
 21 A. It's what it is, defects per million on any
 22 application you want to apply it to.
 23 Q. And was that applied in this case to the
 24 Reagor-Dykes inventory?
 25 A. I believe it was, yes.

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1 of the Reagor-Dykes inventory. Who was that provided to
 2 within Ford Motor Credit?
 3 A. Multiple stakeholders.
 4 Q. Okay. Who would they be? Name them.
 5 A. The BDM, the regional manager, the dealer
 6 credit supervisor, the dealer credit operations manager,
 7 the wholesale audit folks, multiple stakeholders. I
 8 can't name them all.
 9 Q. Okay. Could you tell me who these people are,
 10 though, for instance, the BDM?
 11 A. That's Gwen Schmucker.
 12 Q. Okay. And the regional manager --
 13 A. That's me.
 14 Q. -- is you. So you get it.
 15 And who are these other people you're
 16 talking about? What are their names?
 17 A. Dealer credit supervisor is Scott Carter.
 18 Q. Okay. Anyone else?
 19 A. The center operations manager for dealer
 20 credit is Bill Delancy.
 21 Q. Okay.
 22 A. Rene Leal would get those as well. He's our
 23 financial services manager. And Dennis Neely, our
 24 dealer credit manager in Nashville, would also
 25 potentially see the audit results as well.

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1 Q. And you don't know who made the decision to
2 either consider applying Black Belt to the Reagor-Dykes
3 audit findings or actually directed that that occur?

4 A. I have no idea.

5 Q. It wasn't you?

6 A. No.

7 Q. Did you discuss the Black Belt program with
8 Rick Dykes?

9 A. I discussed findings. I didn't specifically
10 mention Black Belt.

11 Q. When was that? On the 27th of July?

12 A. That Friday and/or Saturday. I can't remember
13 exact times of discussions, but around those two days.

14 Q. Okay.

15 A. It was discussed on Friday evening in the
16 meeting with him and Shane, some of the high-level
17 findings

18 Q. Did Shane used to work for Ford Motor Credit?

19 MR. LANGLEY: We're not going to get
20 further into these issues that don't relate to the cash
21 collateral hearing. Instruct the witness not to answer.

22 A. I'm going to follow my counsel's advice.

23 Q. (BY MR. MULLIN) How much does Ford contend
24 that Reagor-Dykes -- the Reagor-Dykes Auto Group owes
25 Ford Motor Credit?

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1 A. I don't have the exact amount because I
2 haven't been involved with anything regarding the group
3 since the bankruptcy filing.

4 Q. Okay. Let me show you a document.
5 (Exhibit 2 marked.)

6 Q. Why haven't you been involved?

7 A. The decision was made that once the bankruptcy
8 occurred, that I needed to get back in my job duties and
9 run a very large and important region for the company.
10 It's a full-time job. So once the bankruptcy was filed,
11 we have people at Ford Credit that specialize in
12 handling these situations. It was turned over to them.
13 And I went back to my regional manager duties.

14 Q. Who made that decision? You said the decision
15 was made

16 A. I know who communicated it to me, but I don't
17 know who made the decision.

18 Q. Okay. Who communicated it to you?

19 A. Paul Boudreau.

20 Q. All right. Let me show you Exhibit No. 2.
21 Are you familiar with that document?

22 A. I am not.

23 Q. Okay

24 A. Let me -- let me -- what is this? A listing
25 of the inventory?

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1 Q. I think it's a -- supposed to be a listing of
2 the debt -- the floor-plan debt broken down by
3 dealership.

4 A. As I said, I haven't been involved since the
5 bankruptcy was filed. So, no, I have not -- I have not
6 seen this.

7 Q. Okay. Do you know the total amount out of
8 trust?

9 A. As of right now?

10 Q. As of right now?

11 A. I do not. Again, I haven't been involved
12 since the bankruptcy was filed.

13 (Exhibit 3 marked.)

14 Q. Can you tell me if you've seen Exhibit 3?

15 A. I haven't seen this before.

16 Q. Okay. Okay. So you haven't seen Exhibit 3,
17 the list of the --

18 A. I have not seen --

19 Q. -- out of trust --

20 A. -- all of these pages detailing specific VIN
21 numbers and units like this. The only thing I've seen
22 is very high-level information. And it was prior to the
23 filing. In fact, I was on vacation from August 3rd
24 through August 12th.

25 Q. Did you reach any conclusions about how

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1 Reagor-Dykes came to have \$39 million out of trust?

2 A. I have no idea.

3 Q. And do you have any -- did you reach any
4 conclusions about how the double-flooring occurred?

5 A. I have no idea.

6 Q. Has anybody that you work with at Ford
7 communicated to you how those things occurred?

8 A. No.

9 Q. Were you in charge of the quarterly audits of
10 the inventory at Reagor-Dykes --

11 A. No.

12 Q. -- by Ford Motor Credit?

13 A. What do you mean by --

14 MR. LANGLEY: Hold on just a minute.

15 I'm going to object to vague and ambiguous
16 on questioning.

17 You can answer.

18 A. What specifically are you asking? I want to
19 make sure I understand your question.

20 Q. (BY MR. MULLIN) Well, let me -- let me step
21 back a page.

22 Ford Motor Credit had quarterly audits
23 done of the inventory of Reagor-Dykes Auto Group; is
24 that right?

25 A. Yes.

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1 Q Okay. Were you the person that directed those
2 audits?

3 A. No.

4 Q. Who directed them?

5 A. Multiple stakeholders.

6 Q. Tell me who they are.

7 A. Well, it would be a very long list. The file
8 was last approved in '16, and it probably had, wow, 15
9 people involved. I'm just -- that's a total guess on
10 the number. But it's multiple stakeholders that make
11 the decision in this case.

12 Q. To conduct the quarterly audits?

13 A. It's approved in a -- in a review, correct, by
14 multiple stakeholders.

15 Q. How often are the reviews?

16 A. Annually or every two years depending on the
17 risk associated with the account.

18 Q. Were the audits at Reagor-Dykes actually every
19 quarter?

20 A. I don't recall exactly when they were. I'm
21 not in charge of setting the schedule.

22 Q. Was --

23 A. But they were on a quarterly schedule.

24 Q. They were on a schedule to be audited every --
25 every quarter?

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1 A. Correct.

2 Q. And there was a group of people at Ford Motor
3 Credit that made that decision on how often the audits
4 would occur?

5 A. Multiple. Multiple input and multiple
6 stakeholders.

7 Q. Okay. And were you one of the 15?

8 A. Yes.

9 Q. And can you tell me the names of any of the
10 other 15 -- any of the other people that are in the 15?

11 A. Okay. Gwen Schmucker, business development
12 manager; me; Rene Leal, the financial services manager;
13 David Center, the sales operations manager -- or it
14 would have been a different sales operations manager at
15 that time -- the financial services manager; the
16 regional manager; the dealer credit analyst; the dealer
17 credit --

18 Q. Give me names if you can because I'm -- you
19 know, I --

20 A. I don't know that I can do that. I mean,
21 that's a lot of names and --

22 Q. Well, if you don't know the name, give me the
23 title. But if you know the name, I prefer the name.

24 A. Okay.

25 Q. Yeah.

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1 A. The dealer credit analyst. Don't know -- I
2 can't remember which one did it.

3 Q. Okay.

4 A. The dealer credit supervisor, Scott Carter;
5 the center operations manager of dealer credit, Bill
6 Delaney; the dealer credit manager, which I'm not sure
7 who the person was at that point in time; our commercial
8 risk department in Dearborn, which probably had two to
9 three reviewers; and then various vice presidents and
10 senior executives and managers of Ford Credit.

11 Q. Okay. Do these 15 people meet together as a
12 group to make this decision, or is it done e-mail? Or
13 how is that done?

14 A. The credit file process goes -- is completed
15 over a long period of time, weeks. And people review
16 the file at various different stages along the way. And
17 then in this case, due to the credit commitments, it was
18 reviewed by our NACRC, our national operating committee.
19 And I presented the file in a meeting to all of these
20 folks. And then they decide if they want to approve it
21 or not.

22 Q. Okay. Is it -- the quarterly audit -- is that
23 standard for Ford Motor Credit on dealerships, or is
24 it -- is that unusual?

25 A. That's proprietary information, and I don't

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1 think I need to discuss that. That's confidential to my
2 company on how we audit dealers.

3 Q. So you're refusing to answer that one?

4 MR. LANGLEY: I'm instructing him not to
5 answer.

6 A. I don't think it's relevant.

7 Q. (BY MR. MULLIN) Did -- but I'm just asking
8 you: Does this committee ever meet face to face, or is
9 it just --

10 A. No.

11 Q. It's all handled via e-mail --

12 A. Various people are face to face in a certain
13 area of the country if they're able to get together;
14 otherwise, it's multiple people dialing in.

15 Q. Okay. Do the same 15 people all get the
16 audit, the report?

17 A. No. No.

18 Q. All right.

19 MR. LANGLEY: David, let's take a break
20 when you're ready.

21 MR. MULLIN: Sure. That's fine. We'll
22 take a break right here.

23 MR. LANGLEY: Go off the record.
24 (Break from 11:37 a.m. to 11:42 a.m.)

25 Q. (BY MR. MULLIN) Do you know if Ford has

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1 received any payments on the Reagor-Dykes indebtedness
2 since July 27th?

3 A. Are you saying Ford or Ford Credit?

4 Q. Ford Credit.

5 A. I'm not aware of any. Again, I haven't been
6 involved.

7 Q. Do you know if Ford Credit has any of the
8 collateral for the Reagor-Dykes debt in its possession?

9 A. Can you repeat the question?

10 Q. Does Ford have -- Ford Credit have any of the
11 collateral for the Reagor-Dykes debt in its possession?

12 A. What do you mean by "have"?

13 Q. Well, have in their possession. I mean, do
14 you have it, custody, control?

15 A. We're monitoring it. But it's still on the
16 dealership premises.

17 Q. Okay.

18 A. Does that answer your question?

19 Q. Well, in a way. But I want to know if there's
20 anything that's not on the dealer's premises that you
21 have taken.

22 A. I'm not aware of any.

23 Q. Okay. So are you aware of Ford liquidating
24 any of the collateral for the Reagor-Dykes debt since
25 July 27th?

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1 A. I have not been involved since the bankruptcy
2 filing on August 1st, I believe it was. So, no, I'm not
3 aware of anything that's occurred since August 1st.

4 Q. What is the current value of Ford's collateral
5 for the Reagor-Dykes debt?

6 A. I don't know.

7 Q. Who would know at Ford Credit?

8 A. Probably Rene Leal since he's running the
9 situation.

10 Q. Okay.

11 A. He could probably get you to the exact penny.

12 Q. Do you know if Ford has received anything for
13 units in transit since the bankruptcy?

14 A. You mean Ford Credit?

15 Q. Right.

16 A. Not -- you've got to be specific with me.

17 Q. Ford Credit --

18 A. We're two totally different companies.

19 Q. I know. But unless I tell you Ford Motor
20 Company, I'm talking about Ford Credit, okay? Because
21 Ford Motor Company --

22 MR. LANGLEY: That's fine.

23 A. Okay. Can you repeat the question?

24 Q. (BY MR. MULLIN) Has Ford Credit received
25 anything for units in transit?

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1 A. I don't know.

2 Q. Who would know that?

3 A. Probably Rene Leal.

4 Q. Okay. What is Mr. Leal in charge of? I think
5 you used the word "in charge."

6 A. He is in charge of the situation.

7 Q. The situation of collecting the Reagor-Dykes
8 debt?

9 A. He's in charge of trying to collect whatever
10 the amount of money is that's owed to us, protecting
11 Ford Credit's interest.

12 Q. Well, is Paul Boudreau supervising Rene Leal?

13 A. He does.

14 Q. Ford claims a lien on property other than
15 vehicles, correct?

16 MR. LANGLEY: Objection; calls for a
17 legal conclusion.

18 You can answer if you know.

19 A. We have UCC financing statements, and we
20 have -- I believe we have security agreements for all
21 locations we do business with.

22 Q. (BY MR. MULLIN) Okay. So is Ford -- do you
23 know if Ford is claiming a lien on any property other
24 than vehicles?

25 A. I don't know.

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1 Q. Do you know what Ford's plan for liquidation
2 of the collateral would be if it were to have its motion
3 for relief from stay granted?

4 A. I do not.

5 Q. Who would know that?

6 A. Rene Leal.

7 Q. Were you aware of any red flags of fraud at
8 Reagor-Dykes before July 27th?

9 MR. LANGLEY: Objection; vague and
10 ambiguous.

11 You can answer if you know what a red flag
12 is, if you know what indices of fraud are.

13 A. No comment.

14 Q. (BY MR. MULLIN) Do you know what a red flag
15 is?

16 MR. LANGLEY: Same objection.

17 A. It can mean many things.

18 Q. (BY MR. MULLIN) So you don't have any idea
19 what the term, "red flag," would mean in the context of
20 discovering a fraud?

21 MR. LANGLEY: Same objection.

22 THE WITNESS: Are you instructing me not
23 to answer?

24 MR. LANGLEY: No. If you know what he
25 means by "red flags," you can try to help him with his

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1 question.
 2 A. I know what a red flag is, yeah.
 3 Q. (BY MR. MULLIN) Okay.
 4 A. So can you repeat the question?
 5 Q. I'm just asking if you saw any red flags of
 6 fraud before July 27th at Reagor-Dykes?
 7 A. Of fraud? Specifically fraud?
 8 Q. Well, let's say fraud, out of trust,
 9 double-pledging.
 10 MR. LANGLEY: Objection, compound.
 11 Q. (BY MR. MULLIN) You can answer.
 12 MR. LANGLEY: Answer if you can, yeah.
 13 A. Repeat the question, please.
 14 Q. (BY MR. MULLIN) Did you see any red flags of
 15 fraud, double-pledging, out of trust before July 27th?
 16 A. No.
 17 Q. I'm going to mark this as --
 18 MR. MULLIN: Let me borrow an exhibit
 19 sticker here.
 20 What's our last number over there?
 21 MR. LANGLEY: It's 3.
 22 MR. MULLIN: So we're on 4?
 23 MR. LANGLEY: Yes, sir.
 24 (Exhibit 4 marked.)
 25 Q. (BY MR. MULLIN) Let me show you Exhibit

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1 No. 4. See if you've seen that before. It was marked
 2 for the previous depositions as Exhibit 10 by Ford
 3 Credit counsel.
 4 MR. LANGSTON: It was premarked.
 5 MR. MULLIN: Oh, it was premarked. But
 6 who marked it?
 7 MR. LANGSTON: We did.
 8 MR. MULLIN: Oh, we did. Okay.
 9 (Witness looks at document.)
 10 A. Okay. Your question is?
 11 Q. (BY MR. MULLIN) Have you seen this document
 12 before?
 13 A. Well, yes. I was copied on it right there
 14 (pointing).
 15 Q. Right. And -- so Exhibit 4 contains, at the
 16 very bottom, an e-mail from Gwen Schmucker to Bart
 17 Reagor and Rick Dykes and Shane Smith with a copy to
 18 you, correct?
 19 A. Yes.
 20 Q. And that's dated June the 29th, 2018, correct?
 21 A. Yes. I received it on June 29th.
 22 Q. And Ms. Schmucker writes, "Attached is the
 23 Group Summary from the audit we conducted at each of
 24 your stores yesterday. These results really are
 25 fantastic and your entire organization should be

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1 commended for their hard work and their efforts. Thank
 2 you all very, very much. We greatly appreciate you and
 3 value our partnership with the Reagor-Dykes
 4 organization."
 5 Is that -- is that correct? Is that what
 6 she said?
 7 A. On June 29th, that's what she said.
 8 Q. Of this year, right --
 9 A. Correct.
 10 Q. -- 2018?
 11 A. Yes.
 12 Q. And did you voice any disagreement with
 13 Ms. Schmucker regarding her statements here either after
 14 receiving this e-mail or any time?
 15 A. You know, I get about 200 e-mails a day, so I
 16 don't know if I -- I don't think I did. I probably just
 17 filed it away.
 18 Q. Okay. Did you have any discussion with
 19 Ms. Schmucker about the June 28th audit of the
 20 Reagor-Dykes Group?
 21 A. Not that I recall.
 22 Q. Did you have any discussion with her about her
 23 commentary on the Ford -- Ford Credit audit of the
 24 Reagor-Dykes Group?
 25 A. I don't recall any

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1 Q. Did Ford Motor Credit conduct the audit of the
 2 Reagor-Dykes Group, or did it have somebody do it? Did
 3 they outsource it to someone else to do the audit?
 4 A. We have a vendor that conducts our audits for
 5 us.
 6 Q. And who is that?
 7 A. AiM. I believe it's called AiM, A-I-M.
 8 Q. Where is that company out of?
 9 A. I don't know.
 10 Q. Do you know who the lead auditor was?
 11 A. I do not.
 12 Q. Did AiM conduct all the audits of Reagor-Dykes
 13 in the last two years for Ford Motor Credit?
 14 A. I think so.
 15 Q. Okay. Did you have anybody that you talked to
 16 at AiM?
 17 A. No.
 18 Q. But you all received the audits, correct?
 19 A. Yes.
 20 Q. And did you review the audits when you
 21 received them?
 22 A. Of course.
 23 Q. I'd like to look at the audit for June 28th.
 24 I had a couple questions about it.
 25 Look at -- I wanted to focus in on

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1 Reagor-Dykes Chevrolet.
 2 A. Which page are you looking at? The last one
 3 or the third one?
 4 Q. I think I'm on the third page, yeah.
 5 A. This one?
 6 Q. Yeah. Is that the page you're looking at?
 7 A. Yeah.
 8 Q. Okay. Do you see where it says, "Reagor-Dykes
 9 Chevrolet," on Exhibit 4?
 10 A. Yes.
 11 Q. And it says -- Reagor-Dykes Chevrolet, that's
 12 the dealership in Floydada, right?
 13 A. Yes.
 14 Q. And it shows here that there's 225 vehicles as
 15 of June 28th, 2018, that have been sold, but Ford has
 16 not yet received the money.
 17 A. Okay.
 18 Q. And is that -- that's what it says, right?
 19 That's what the audit says?
 20 A. It says number sold not due.
 21 Q. Right. It's not due yet because it's due
 22 during the following week, correct?
 23 A. Could be.
 24 Q. Well, let's look at that.
 25 It says the dollars sold not due are --

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1 for that 225 vehicles is \$9,401,090, correct?
 2 A. It does.
 3 Q. And then it tells you when that money is due
 4 by day, correct?
 5 A. The -- yes, it does.
 6 Q. So it tells you that on the 29th, \$997,437 is
 7 due, correct?
 8 A. That's what it says.
 9 Q. And then it tells you how much is due
 10 July 2nd, July 3rd, July 5th, 6th, 9th, and 10th,
 11 correct?
 12 A. It does.
 13 Q. All right. So this report indicates then that
 14 during the week prior to the audit, that the
 15 Reagor-Dykes Chevrolet dealership in Floydada had sold
 16 225 vehicles, correct?
 17 A. You said, "prior to the audit." What exactly
 18 do you mean by "prior to the audit"?
 19 Q. Well, that would mean in -- you know, seven
 20 days prior, right? Because isn't the -- aren't they
 21 responsible for getting the money -- in other words, how
 22 do they know that the money is due on June 29th, for
 23 instance? Does that mean that the vehicles were sold on
 24 the 22nd?
 25 A. It's based on the sales date that was provided

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1 to the auditors by the dealerships.
 2 Q. Right. And that would be what? Seven days?
 3 That's the seventh day?
 4 A. Seven business days.
 5 Q. Yeah. Okay. So seven -- in the seven
 6 business days preceding the audit, there were 225
 7 vehicles sold off of the Floydada lot. That's what the
 8 audit is telling us, isn't it?
 9 A. If the dates we were provided were accurate,
 10 that would be correct.
 11 Q. Okay. And the dollar amount, that would be
 12 the -- the dollar amount of the sales, the 9.4 million?
 13 A. It would be the 225 units added up.
 14 Q. It would add up to 9.4 million, correct?
 15 A. I haven't run the numbers and I haven't seen
 16 that, but it should.
 17 Q. It shows that on the report -- on the audit
 18 report if the audit report --
 19 A. I haven't double-checked those numbers, but
 20 that's what it should be.
 21 Q. Okay. And -- so do you know how many cars --
 22 excuse me. I should say vehicles or units -- how many
 23 units were on the lot when the lot was full at Floydada?
 24 A. I have no idea.
 25 Q. Well, you received reports, didn't you, from

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1 Reagor-Dykes indicating how much inventory -- what the
 2 inventory was at the Floydada lot, didn't you?
 3 A. I -- I don't recall receiving specific
 4 inventory runs, no.
 5 Q. Did -- did Ford keep track of what the
 6 inventory was at the Floydada lot?
 7 A. What do you mean by "keep track of"?
 8 Q. Well, did you have reports to you of what the
 9 inventory was at dates -- at various dates at the
 10 Floydada lot?
 11 A. That information is available at all times.
 12 Q. Wouldn't that be part of your responsibility
 13 as the regional manager to know what the capacity of the
 14 lot was?
 15 MR. LANGLEY: I'm going to object to the
 16 line of questioning. And at this point, we have had
 17 more than enough questioning that doesn't relate to the
 18 issues before the bankruptcy judge tomorrow. Instruct
 19 the witness to answer no further questions in this area.
 20 MR. MULLIN: This goes directly to what
 21 the collateral is, so I don't know if you can get away
 22 with that.
 23 MR. LANGLEY: If you have a question
 24 about the value of the collateral or the amount of the
 25 indebtedness, which you've already asked and he says he

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1 doesn't know, you'll have to ask somebody else, go
2 ahead.

3 MR. MULLIN: Well, you're trying to
4 testify for him. But I think it's a very interesting
5 fact.

6 Q. (BY MR. MULLIN) Okay. Let's -- let's go into
7 it a little further.

8 Are you going to follow his advice and not
9 answer?

10 MR. LANGLEY: You're instructed not to
11 answer any further questions in this line.

12 A. Absolutely I'm following his advice.

13 Q. (BY MR. MULLIN) Okay. Let's see here.
14 (Exhibit 5 marked.)

15 Q. Let me show you Exhibit No. 5, which is the
16 balance sheet for the Floydada lot as of June 30th,
17 2018. Have you ever seen this document before?

18 A. No.

19 MR. LANGLEY: Did you mark it as 5?

20 MR. MULLIN: 5.

21 Q. (BY MR. MULLIN) Do you see what the -- the
22 financial statement reflects as the total inventory at
23 the Floydada lot?

24 MR. LANGLEY: We'll object. He's not
25 seen the document. He's not familiar with the document.

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1 speculative, instruct the witness not to go further in
2 this area.

3 MR. MULLIN: I'm just asking what he
4 knows.

5 MR. LANGSTON: Certify.

6 MR. LANGLEY: I'm instructing him not to
7 answer. Do you have any other questions?

8 MR. LANGSTON: Certify that.

9 MR. MULLIN: So he won't answer questions
10 about the vehicles. I don't know what the -- how that
11 couldn't relate to cash collateral, but --

12 MR. LANGLEY: Objection to the sidebar.

13 MR. MULLIN: Well, it's not a sidebar.

14 MR. LANGLEY: Objection to this sidebar.

15 MR. MULLIN: I'm begging you not to
16 instruct my questioning of the witness.

17 MR. LANGLEY: Do you want to go back to
18 the Court now?

19 MR. MULLIN: I'll go back to the Court
20 any time you want, Mr. Langley. I love going to the
21 Court when I've got ridiculous objections.

22 MR. LANGLEY: It didn't go so well for
23 you this morning. If you want to try it again, let's
24 go.

25 MR. MULLIN: I thought it went just fine

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1 Q. (BY MR. MULLIN) Do you see that? Can you
2 read that?

3 MR. LANGLEY: Have you seen the document?
4 Do you know what it is?

5 THE WITNESS: Yeah. It's their financial
6 statements -- their direct financial statement.

7 MR. LANGLEY: Go ahead.

8 A. What's the question?

9 Q. (BY MR. MULLIN) Does -- does Exhibit No. 5
10 reflect that the total inventory at the Floydada lot as
11 of June 30th, 2018, was \$10.4 million?

12 A. You're talking about inventory or the debt
13 associated with the inventory? Notes payable or
14 inventory?

15 Q. Down here where it says, "Total Inventory," on
16 that --

17 A. Total inventory is 10.4 million.

18 Q. Yes.

19 A. Yes, I see that.

20 Q. Okay. Isn't it true, sir, that if 225
21 vehicles were sold off of the Floydada lot in seven
22 business days before this audit, that would be virtually
23 the entire inventory of the Floydada lot having been
24 sold in that theory?

25 MR. LANGLEY: Objection; argumentative,

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1 this morning. I thought it went just fine this morning.
2 I have no problem with what happened this morning.

3 Q. (BY MR. MULLIN) So let me ask you a couple
4 more questions here about this.

5 Wouldn't -- wouldn't you have been the
6 person responsible at Ford Motor Company to determine
7 whether these audit results that were -- you received
8 showing the 225 vehicles had been sold off the Floydada
9 lot in seven business days prior to the audit, whether
10 that was a red flag of fraud?

11 MR. LANGLEY: Objection. He's not going
12 to answer. I instruct the witness not to answer this.

13 Q. (BY MR. MULLIN) Wouldn't you be the person
14 responsible to determine if the collateral -- if that
15 was actually an accurate statement of what the sales had
16 been from the collateral?

17 MR. LANGLEY: Instruct the witness --

18 A. I'm following my counsel's advice.

19 Q. (BY MR. MULLIN) Did you even notice that
20 225 --

21 MR. LANGLEY: We're done. Do you have
22 anything further?

23 MR. MULLIN: I've got plenty further.

24 Stop interrupting my questions, Mr. Langley.

25 MR. LANGLEY: He's not going to answer.

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1 MR. MULLIN: Well, you can -- you can
2 object after I speak, sir.

3 MR. LANGLEY: Sir, go ahead. Speak.

4 MR. MULLIN: Okay. I'm going to ask my
5 questions.

6 MR. LANGLEY: Go ahead.

7 MR. MULLIN: You can do whatever you
8 want. You can get up and run out of here. But there
9 will be a day when you and Ford Motor Credit is going to
10 have to answer these questions. You'll either answer
11 them today, or you'll answer them another day.

12 MR. LANGLEY: Do you have another
13 question?

14 MR. MULLIN: I've got plenty of
15 questions.

16 MR. LANGLEY: Proceed.

17 Q. (BY MR. MULLIN) Well, my question is: Did
18 you or anyone else at Ford note that a sale of 225 units
19 off of the Floydada lot in the seven business days
20 before June 28th would be a sale of practically the
21 entire inventory of the lot?

22 MR. LANGLEY: Don't respond.

23 Q. (BY MR. MULLIN) In seven business days?

24 MR. LANGLEY: Don't respond.

25 A. I'm going to take his advice.

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1 Q. (BY MR. MULLIN) Well, it was Ford Motor
2 Company's position with these gentlemen, with Mr. Reagor
3 and Mr. Dykes, that the audit was fantastic, right?

4 A. Okay. You said, "Ford Motor Company."

5 MR. LANGLEY: Don't respond. Don't
6 quibble. Don't respond.

7 THE WITNESS: Okay.

8 Q. (BY MR. MULLIN) Wasn't it Ford Motor Credit's
9 position that the -- this audit that we just read from
10 was a fantastic audit?

11 MR. LANGLEY: Don't respond.

12 A. I'm going to take his advice.

13 Q. (BY MR. MULLIN) And that was what Ford Motor
14 Credit told Mr. Dykes and Mr. Reagor --

15 MR. LANGLEY: Don't respond.

16 Q. (BY MR. MULLIN) -- correct?

17 Was Ford Motor Credit's June 28th, 2018,
18 audit of Reagor-Dykes Auto Group, Exhibit No. 5 to your
19 deposition, accurate?

20 MR. LANGLEY: I think it's 4.

21 A. Are you talking about this? You said
22 Exhibit 5.

23 Q. (BY MR. MULLIN) I'm sorry. Exhibit 4. Let
24 me re-ask the question.

25 Was Exhibit 4 to your deposition, the Ford

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1 Motor Credit audit of the inventory of Reagor-Dykes Auto
2 Group at June 28th, 2018, accurate?

3 A. You're asking if these results were accurate?

4 Q. True. Were they accurate?

5 A. At what point in time?

6 Q. Were they accurate as of June 28th, 2018?

7 A. To my recollection as of that particular date
8 and time, yes.

9 Q. Were the other Ford Motor Credit audits of
10 Reagor-Dykes Auto -- Auto Group in the previous
11 quarters -- were they accurate?

12 A. I don't know.

13 Q. Did you ever make any comments to Mr. Smith or
14 anyone else at Reagor-Dykes that the payoff amounts on
15 flooded vehicles with Ford Motor Credit increased
16 greatly during the days preceding Ford Motor Credit's
17 audits?

18 A. I don't recall exact conversations.

19 Q. Do you recall the -- that being the gist of
20 any conversation you had with Mr. Smith or anyone else
21 at Ford Motor -- at Reagor-Dykes?

22 A. Can you repeat the question? I want to make
23 sure I'm understanding exactly what you're asking and
24 that I answer it correctly.

25 Q. Was the -- did you ever have a conversation

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1 with anybody at Reagor-Dykes, the gist of which was that
2 you were noting or stating that the amount of sales of
3 floor-planned units with Ford Motor Credit by
4 Reagor-Dykes increased substantially during the week
5 before the audit?

6 A. I didn't say it like that. I said there's
7 some irregularities that we've noticed.

8 Q. Okay. When did you make that statement?

9 A. I can't recall exactly when I made the
10 statement.

11 Q. Was it this year?

12 A. Probably.

13 Q. Who would -- who did you make it to?

14 A. I don't recall exactly who I discussed --

15 Q. Did you ever make such a statement like that
16 to Mr. Dykes or Mr. Reagor?

17 A. When I met with Rick and Shane that Friday
18 evening, I did explain that the number of payoffs that
19 they were making in a seven-day period was a high
20 percentage of their inventory, and it was unusual.

21 Q. That was July 27th of 2018, correct?

22 A. Yes.

23 Q. Did you ever --

24 A. When Rick -- when Rick came back to the office
25 and he met with me and Shane that Friday evening -- I

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1 don't have the exact time, but we all three met in
 2 Rick's office. And I did make that comment to Rick and
 3 Shane that there were some irregularities, and the
 4 number of payoffs in a seven-day period was high.
 5 Q. Did you -- before July 27th, 2018, did you
 6 ever tell Mr. Reagor or Mr. Dykes that there were any
 7 irregularities?
 8 A. I don't recall exact discussions, but I
 9 believe so.
 10 Q. When?
 11 A. I don't recall exact times.
 12 Q. Was any of that in writing?
 13 A. I don't know.
 14 Q. Did you ever tell Shane Smith when the audits
 15 were coming?
 16 A. Absolutely not.
 17 Q. Do you know if --
 18 MR. LANGLEY: All right. We're not going
 19 to go into this area any further.
 20 Q. (BY MR. MULLIN) Do you know if the AIM
 21 auditor, Mr. Tyson, ever did -- ever told anybody at
 22 Reagor-Dykes when --
 23 A. I'm going to take my counsel's advice.
 24 Q. -- when the audits were coming?
 25 A. I'm going to take my counsel's advice.

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1 Q. Have you been criticized or disciplined by
 2 anybody at Ford Motor Credit for your handling of the
 3 Reagor-Dykes matter?
 4 MR. LANGLEY: I'm going to instruct you
 5 not to answer.
 6 MR. MULLIN: What are we up to? 6?
 7 THE REPORTER: Yes, sir.
 8 MR. LANGLEY: I'll go ahead and tell you
 9 now, we're not going to get into any issues with respect
 10 to the audit or otherwise.
 11 (Exhibit 6 marked.)
 12 (Exhibit 7 marked.)
 13 A. Can I have my Exhibit 5 back, please?
 14 Q. (BY MR. MULLIN) Yeah.
 15 A. Thank you.
 16 Q. Mr. Byrd, I'm going to hand you Exhibit 6 and
 17 7, which are the year-end 2015 and 2016 audits of the
 18 financial statements of Reagor-Dykes Auto Group, reports
 19 on those audits by Lane Gorman Trubitt.
 20 Can you tell me if you've ever seen those
 21 before?
 22 MR. LANGLEY: I'm instructing you not to
 23 review the documents. Don't answer the questions.
 24 A. I'm going to take his advice.
 25 Q. (BY MR. MULLIN) Can you tell me if Ford Motor

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1 Credit ever received those documents?
 2 MR. LANGLEY: I'm instructing you not to
 3 answer.
 4 A. I'm going to take my attorney's advice.
 5 Q. (BY MR. MULLIN) Do you know if Ford has
 6 conducted any kind of investigation to sort out the lien
 7 priority between the various creditors --
 8 A. I don't know.
 9 Q. -- in the bankruptcy?
 10 A. I don't know.
 11 Q. Were you aware, during your supervision of the
 12 Reagor-Dykes accounts, that Reagor-Dykes had floor plans
 13 with other lenders such as Vista, First Capital, and GM?
 14 A. All I know is they had other dealerships that
 15 weren't floor-planned with us. And I have no idea where
 16 they were floored or what their arrangements were.
 17 Q. Okay.
 18 MR. MULLIN: I'm going to take a little
 19 break.
 20 MR. LANGLEY: Ten minutes?
 21 MR. MULLIN: Yeah.
 22 (Break from 12:14 p.m. to 12:20 p.m.)
 23 Q. (BY MR. MULLIN) Mr. Byrd, we're almost
 24 finished.
 25 Do you know if the schedule of payments

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1 that appears on the bottom of page -- the last page of
 2 Exhibit 4 -- do you know if that schedule of payments
 3 was actually met by the dealership?
 4 A. To my understanding, it was.
 5 MR. MULLIN: I'll pass the witness.
 6 EXAMINATION
 7 BY MR. BUSTOS:
 8 Q. Mr. Byrd, I'm Fernando Bustos, and I represent
 9 Vista Bank, one of the creditors in this case.
 10 A. Good morning.
 11 Q. Good morning. I have a few follow-up
 12 questions for you.
 13 You had talked about receiving an Excel
 14 spreadsheet from Mr. Shane Smith earlier, is that right?
 15 A. Yes.
 16 Q. And you said you no longer have it, is that
 17 right?
 18 A. That's correct.
 19 Q. Did you receive it in electronic format?
 20 A. No. He handed it to me on paper in his
 21 office.
 22 Q. What else did he hand to you during that
 23 meeting?
 24 A. He -- he printed off some bank balances off of
 25 the Internet. But I didn't take any of them with me.

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1 Q. Okay. You did take the Excel spreadsheet
2 though?
3 A. I did not.
4 Q. Oh, you left it all there?
5 A. Yeah.
6 Q. Okay.
7 A. I didn't take anything.
8 Q. Okay. Were there any witnesses to that
9 conversation you had with him in that meeting, or was it
10 just you and he?
11 A. About the Excel spreadsheet?
12 Q. Yes.
13 A. It was just me and him.
14 Q. During the day that you spent with him, were
15 there any witnesses to conversations that you two had
16 together?
17 A. Just Rick when he showed up that night. There
18 was no one else involved.
19 Q. Do you know for a fact how often Ford Credit
20 did audit the Reagor-Dykes dealerships?
21 THE WITNESS: Can I answer that?
22 MR. LANGLEY: You may.
23 You're talking basically last two years?
24 MR. BUSTOS: Yes.
25 A. It was a quarterly frequency.

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1 Q. (BY MR. BUSTOS) And that was a standard
2 Reagor audit rate?
3 A. That's the frequency that we applied to this
4 dealer group.
5 Q. Okay. Was that out of the average in terms of
6 the frequency for the Reagor-Dykes Group relative to
7 other groups?
8 A. That's going to be proprietary to Ford Credit,
9 and I can't discuss that.
10 Q. I think you talked about a 15-person team that
11 reviewed audit information with Ford Credit, right?
12 A. It's a lot of people. I don't have the exact
13 number. But it's a guesstimate.
14 Q. And you were part of that team, right?
15 A. Yes.
16 Q. Were any of those Ford Credit members actually
17 physically present for any of the physical inspections
18 that were conducted by your outside auditor?
19 A. I don't think so. It's usually -- it's
20 handled by our vendor.
21 Q. Okay. You relied wholly on your outside
22 auditor?
23 (The witness nods head.)
24 Q. Has Ford Credit made any demand upon that
25 auditor in connection with the audits they performed?

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1 MR. LANGLEY: We're going to object to
2 that question. And I'll instruct the witness not to go
3 into any of those areas.
4 Q. (BY MR. BUSTOS) Are you going to follow your
5 lawyer's advice?
6 A. Yes.
7 Q. Do you know if Ford Motor Credit has analyzed
8 its lien position on the liens it's asserting relative
9 to other creditors in this case?
10 A. I believe we have.
11 Q. And who within Ford has been part of that lien
12 analysis team?
13 A. The same type list that we mentioned before.
14 A lot of people.
15 Q. Okay. The same list as the audit people?
16 A. No, not audit people; the people that prepare
17 the credit reviews.
18 Q. And if you could, just name those persons to
19 the extent you remember those names on the lien analysis
20 issue.
21 A. Scott Carter, Bill Delancy, Dennis Neely. And
22 then I think we have an outside vendor that actually
23 pulls the UCC searches for us and --
24 Q. What's that vendor's name?
25 A. I don't know.

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1 Q. Okay. Keep going.
2 A. And I think our legal team got a copy of the
3 UCC searches as well.
4 Q. I think you had mentioned that you were taking
5 a vacation before July 28th, is that right?
6 A. No.
7 Q. Oh, you didn't --
8 A. I went on vacation on Friday, August the 3rd
9 and came back on Sunday, August the 12th.
10 Q. Was that a prescheduled vacation for you?
11 A. Yes. It had been on my calendar for quite a
12 while.
13 Q. Months?
14 A. Yes.
15 Q. And this may have been asked before, and I
16 apologize if it has.
17 Before July 28th of this year, when was
18 the last time you had spoken with Shane Smith?
19 MR. LANGLEY: Objection. I'm going to
20 instruct the witness not to answer.
21 A. I'm going to follow his advice.
22 Q. (BY MR. BUSTOS) Did you and Mr. Smith used to
23 work together at Ford Motor Credit?
24 MR. LANGLEY: Objection. Instruct the
25 witness not to answer.

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1 Q. (BY MR. BUSTOS) Did you send any -- how many
 2 e-mails did you send to Shane Smith in the month before
 3 July 28th, 2018?
 4 A. I don't recall any.
 5 Q. How often would you normally have occasion to
 6 e-mail Mr. Smith?
 7 MR. LANGLEY: I'm going to instruct the
 8 witness not to answer.
 9 A. I'll follow his advice.
 10 MR. BUSTOS: I'll pass the witness at this
 11 time.
 12 MR. STROHSCHHEIN: We'll reserve.
 13 EXAMINATION
 14 BY MR. CARDER:
 15 Q. How often are you pulled off of relationships
 16 with dealers when they file bankruptcy?
 17 A. Can you tell me who you are and who you're
 18 with?
 19 Q. I don't think you have a right to ask. But
 20 I'll tell you.
 21 A. Oh, okay.
 22 Q. I'm Mark Carder for First Bank & Trust.
 23 A. Okay. Fair enough. I'm Gary Byrd. Nice to
 24 meet you.
 25 MR. CARDER: Can you read the question

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1 off the transcript?
 2 (Reporter reads back requested portion.)
 3 MR. LANGLEY: It's your question -- it
 4 didn't get fully on, if you want to go ahead and ask it
 5 again.
 6 Q. (BY MR. CARDER) Are you always removed from
 7 the dealership when it files bankruptcy?
 8 MR. LANGLEY: Objection. I instruct you
 9 not to answer.
 10 A. I'm going to take his advice.
 11 Q. (BY MR. CARDER) How about since August 1st?
 12 A. Since August 1st?
 13 Q. Have there been any bankruptcies?
 14 A. Since August 1st what?
 15 Q. Have there been any bankruptcies on
 16 dealerships you were involved with since August 1st?
 17 A. None that I'm aware of.
 18 Q. Other than this one?
 19 A. Correct.
 20 MR. CARDER: Pass the witness.
 21 MR. LASHAWAY: I'll reserve.
 22 MR. MASSOUH: Reserve.
 23 MR. MULLIN: Is that it? Okay. Well,
 24 we're done subject to seeking the Court to having
 25 answers to the questions he hasn't answered. And -- so

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1 you're free to go.
 2 (Deposition concluded at 12:28 p.m.)
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1 CHANGES AND SIGNATURE
 2 WITNESS NAME: GARY BYRD, JR.
 3 DATE OF DEPOSITION: AUGUST 15, 2018
 4 PAGE LINE CHANGE REASON
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I, GARY BYRD, JR., have read the foregoing deposition and hereby affix my signature that same is true and correct, except as noted above.

GARY BYRD, JR.

THE STATE OF _____
COUNTY OF _____

Before me, _____, on this day personally appeared GARY BYRD, JR., known to me (or proved to me under oath or through

_____) (description of identity card or other document)) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____,

NOTARY PUBLIC IN AND FOR
THE STATE OF _____
COMMISSION EXPIRES: _____

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REPORTER'S CERTIFICATION
DEPOSITION OF GARY BYRD, JR.
AUGUST 15, 2018

I, Kailee Pereida, CSR No. 8398, Certified Shorthand Reporter in and for the State of Texas, hereby certify to the following:

That the foregoing proceedings were taken before me at the time and place therein set forth, at which time the witness was put under oath by me;

That the testimony of the witness, the questions propounded, and all objections and statements made at the time of the examination were recorded

stenographically by me and were thereafter transcribed; That a review of the transcript by the deponent was requested;

That S _____ is the deposition officer's charges to Mr. David Mullin, Attorney for Debtors, for preparing the original deposition transcript and any copies of exhibits;

That the foregoing is a true and correct transcript of my shorthand notes so taken.

I further certify that I am not a relative or employee of any attorney of the parties, nor financially interested in the action.

I declare under penalty of perjury under the laws of Texas that the foregoing is true and correct.
Dated this 15th day of August, 2018.

Kailee Pereida, Texas CSR 8398
Expiration Date: December 31, 2019
Caprock Court Reporting, Inc.
Firm Certificate Number: 374
1112 Texas, Suite 200
Lubbock, Texas 79401
(806) 795-4202

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE: _____
REAGOR-DYKES MOTORS, LP,)Case No. 18-50214-rjl
Debtor)

IN RE: _____
REAGOR-DYKES IMPORTS, LP,)Case No. 18-50215-rjl
Debtor)

IN RE: _____
REAGOR-DYKES AMARILLO, LP,)Case No. 18-50216-rjl
Debtor)

IN RE: _____
REAGOR-DYKES AUTO COMPANY,)
LP,)Case No. 18-50217-rjl
Debtor)

IN RE: _____
REAGOR-DYKES PLAINVIEW, LP,)Case No. 18-50218-rjl
Debtor)

IN RE: _____
REAGOR-DYKES FLOYDADA, LP,)Case No. 18-50219-rjl
Debtor)

Page 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:

REAGOR-DYKES MOTORS, LP,)
Debtor.) Case No. 18-50214-rlj11

IN RE:

REAGOR-DYKES IMPORTS, LP,)
Debtor,) Case No. 18-50215-rlj11

IN RE:

REAGOR-DYKES AMARILLO, LP,)
Debtor,) Case No. 18-50216-rlj11

IN RE:

REAGOR-DYKES AUTO COMPANY,)
LP,) Case No. 18-50217-rlj11
Debtor.)

IN RE:

REAGOR-DYKES PLAINVIEW, LP,)
Debtor.) Case No. 18-50218-rlj11

IN RE:

REAGOR-DYKES FLOYDADA, LP,)
Debtor.) Case No. 18-50219-rlj11

CORRECTION PAGES

1 -----
2 ORAL DEPOSITION OF

3 GARY BYRD, JR.

4 AUGUST 15, 2018

5 Volume 1
6 -----

7 ORAL DEPOSITION OF GARY BYRD, JR., produced as a
8 witness at the instance of the DEBTOR, and duly sworn,
9 was taken in the above-styled and numbered cause on
10 AUGUST 15, 2018, from 11:01 a.m. to 12:28 p.m., before
11 Kailee Pereida, CSR in and for the State of Texas,
12 reported by machine shorthand, at the law offices of
13 Mullin, Hoard & Brown, L.L.P., 1500 Broadway, Suite 700,
14 Lubbock, Texas, pursuant to the Federal Rules of Civil
15 Procedure.
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

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16 ALSO PRESENT:

17 Mr. Brad Burgess
18 Mr. Mike Cannon
19 Mr. Toby Cecil
20 Mr. Rick Dykes
21 Mr. Jonathan Hill
22 Mr. Audin Herrera
23 Mr. Howie Ravitz
24 Mr. Scott Wade
25

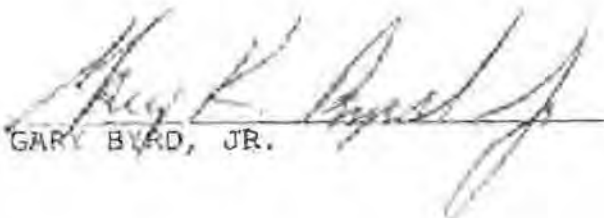
CHANGES AND SIGNATURE

WITNESS NAME: GARY BYRD, JR.

DATE OF DEPOSITION: AUGUST 15, 2018

PAGE	LINE	CHANGE	REASON
6	12	NO TO YES	TEXT ON JULY 29
			NOTIFYING FMCC OF THEIR LEGAL
			COUNSEL TIM PRIDEMORE
17	20	YES	RECEIVED VIA E-MAIL
			AND I FORGOT ABOUT IT (FROM SHANE)
17	22	YES	I FORGOT ABOUT
			RECEIVING IT + SAVED IT IN MY EMAIL
43	15	NO TO YES	OVERSTATED
66	16	NO TO YES	I FORGOT IT
			WAS EMAILED TO ME AND I SAVED
			IT IN MY E-MAIL
66	20	NO TO YES	SAVED IN MY EMAIL

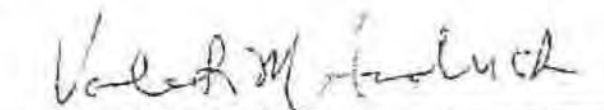
1 I, GARY BYRD, JR., have read the foregoing
 2 deposition and hereby affix my signature that same is
 3 true and correct, except as noted above.

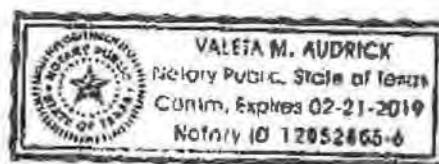
4
 5 
 6 GARY BYRD, JR.

7 THE STATE OF Texas
 8 COUNTY OF Collin

9 Before me, Valeta M. Audrick, on this day
 10 personally appeared GARY BYRD, JR., known to me (or
 11 proved to me under oath or through
 12 Texas Drivers License) (description of identity
 13 card or other document)) to be the person whose name is
 14 subscribed to the foregoing instrument and acknowledged
 15 to me that they executed the same for the purposes and
 16 consideration therein expressed.

17 Given under my hand and seal of office this
 18 20th day of August, 2018

19 
 20 NOTARY PUBLIC IN AND FOR
 21 THE STATE OF Texas
 22 COMMISSION EXPIRES: 2-21-19



IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:

REAGOR-DYKES MOTORS, LP,)
Debtor.) Case No. 18-50214-rlj11

IN RE:

REAGOR-DYKES IMPORTS, LP,)
Debtor,) Case No. 18-50215-rlj11

IN RE:

REAGOR-DYKES AMARILLO, LP,)
Debtor,) Case No. 18-50216-rlj11

IN RE:

REAGOR-DYKES AUTO COMPANY,)
LP,) Case No. 18-50217-rlj11
Debtor.)

IN RE:

REAGOR-DYKES PLAINVIEW, LP,)
Debtor.) Case No. 18-50218-rlj11

IN RE:

REAGOR-DYKES FLOYDADA, LP,)
Debtor.) Case No. 18-50219-rlj11

REPORTER'S CERTIFICATION
DEPOSITION OF GARY BYRD, JR.
AUGUST 15, 2018

I, Kailee Pereira, CSR No. 8398, Certified
Shorthand Reporter in and for the State of Texas, hereby
certify to the following:

That the foregoing proceedings were taken before me
at the time and place therein set forth, at which time
the witness was put under oath by me;

That the testimony of the witness, the questions
propounded, and all objections and statements made at
the time of the examination were recorded
stenographically by me and were thereafter transcribed;

That a review of the transcript by the deponent was
requested;

That \$ 1128.10 is the deposition officer's
charges to Mr. David Mullin, Attorney for Debtors, for
preparing the original deposition transcript and any
copies of exhibits;

That the foregoing is a true and correct transcript
of my shorthand notes so taken.

I further certify that I am not a relative or
employee of any attorney of the parties, nor financially
interested in the action.

I declare under penalty of perjury under the laws
of Texas that the foregoing is true and correct.

Dated this 15th day of August, 2018.

Kailee Pereira

Kailee Pereira, Texas CSR 8398
Expiration Date: December 31, 2019

Caprock Court Reporting, Inc.
Firm Certificate Number: 374
1112 Texas, Suite 200
Lubbock, Texas 79401
(806) 795-4202

Edwards

Boudreau, Paul (P.A.) <pboudrea@ford.com>

Thursday, August 9, 2018 10:55 AM

Rachel Edwards

FW: Reagor Dykes Group Audit Summary 6/28/18.xlsx

Reagor Dykes Group Summary 20180629.xlsx; Untitled attachment 00019.htm

Re:

Boudreau
Manager
Market Area
Credit Company
Tel: 633-7781
732-7641
boudrea@ford.com



Rucker, Gwen (G.R.)

Wednesday, August 8, 2018 2:32 PM

Boudreau, Paul (P.A.)

Re: Reagor Dykes Group Audit Summary 6/28/18.xlsx

Are you're looking for?

Rucker

- Dallas Region



Exhibit

Development Mgr
'21

my iPhone

arded message:

From: "Schmucker, Gwen (G.R.)" <ggschmuck@ford.com>

Date: June 29, 2018 at 3:22:55 PM CDT

To: "breaigor@aol.com" <breaigor@aol.com>, "dykesrick@yahoo.com" <dykesrick@yahoo.com>, "ssmith@reagordykes.com" <ssmith@reagordykes.com>

"Byrd, Gary (G.K.)"

Subject: Reagor Dykes Group Audit Summary 6/28/18.xlsx

Attached is the Group Summary from the audit we conducted at each of your stores yesterday.

These results really are fantastic and your entire organization should be commended for their hard work and their efforts!!

Thank you all very, very much!! We greatly appreciate you and value our partnership with the Reagor Dykes organization!!

Hope you all have a very Happy 4th of July!!

Gwen Schmucker

Ford Motor Credit - Dallas Region

Business Development Manager

Cell: 361-446-0721

gschmuck@ford.com

ONE FORD • ONE TEAM • ONE PLAN • ONE GOAL

Audit: 06/28/2018

		FRAC	Violations	Units	Violation %	Min - Max Violation Days	Paid to BC	# Test Drive	# WTA
	83005	2	12	847	1.42%	4 - 14	\$351,288	5	5
LINCOLN TOYOTA	84803	0	0	468	0.00%	n/a	\$57,226	9	28
IBISHI	161558	0	0	330	0.00%	n/a	\$16,686	3	16
IBISHI OF LUBBOCK	161680	0	1	478	0.21%	16 - 18	\$102,760	8	8
TA	152377	0	0	420	0.00%	n/a	\$0	1	16
ROLET	132789	0	1	428	0.24%	20 - 20	\$3,075	0	0
		2	14	2974	0.47%		\$540,981	32	65

Audit: 06/28/2018

		# Sold Not Due	\$ Sold Not Due	% Sold Not Due	Due 6/29	Due 7/2	Due 7/3	Due 7/5	Due 7/6	Due 7/9	Due 7/10
	83865	106	\$3,659,707	12.51%	\$436,387	\$511,027	\$558,516	\$720,578	\$832,356	\$715,807	\$63,725
LINCOLN TOYOTA	84603	80	\$2,882,428	17.08%	\$280,778	\$310,787	\$719,858	\$301,065	\$338,674	\$598,429	\$121,524
JBISHI	151568	103	\$2,929,252	30.85%	\$301,675	\$348,789	\$548,227	\$427,283	\$377,576	\$408,840	\$521,088
JBISHI OF LUBBOCK	151580	124	\$2,880,831	25.84%	\$319,315	\$486,888	\$505,811	\$382,501	\$437,229	\$838,031	\$245,376
ITA	152377	106	\$3,400,883	25.24%	\$323,571	\$738,580	\$668,095	\$548,258	\$586,198	\$405,467	\$113,721
ROLET	152739	225	\$8,401,080	58.07%	\$897,437	\$855,776	\$1,304,271	\$1,528,528	\$2,133,057	\$1,421,867	\$1,050,154
		744	\$25,073,299	25.02%	\$2,881,174	\$3,237,817	\$4,232,982	\$4,008,213	\$4,505,084	\$4,272,541	\$2,798,088

Page 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:)
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Debtor.)

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Debtor.)

IN RE:)
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LP,)Case No. 18-50217-rjl1
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IN RE:)
REAGOR-DYKES PLAINVIEW, LP,)Case No. 18-50218-rjl1
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IN RE:)
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Debtor.)

Page 3

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Page 2

ORAL DEPOSITION OF
GWEN SCHMUCKER
AUGUST 15, 2018
Volume I

ORAL DEPOSITION OF GWEN SCHMUCKER, produced as a
witness at the instance of the DEBTORS, and duly sworn,
was taken in the above-styled and numbered cause on
AUGUST 15, 2018, from 1:29 p.m. to 2:15 p.m., before
Kailee Pereida, CSR in and for the State of Texas,
reported by machine shorthand, at the law offices of
Mullin, Hoard & Brown, L.L.P., 1500 Broadway, Suite 700,
Lubbock, Texas, pursuant to the Federal Rules of Civil
Procedure.

Page 4

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EXHIBIT**C**

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 david@hurleyguinn.com

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Mr. Toby Cecil
 Mr. Rick Dykes
 Mr. Jonathan Hill
 Mr. Howie Ravitz
 Mr. Scott Wade

Page 7

INSTRUCTIONS FOR SIGNING A DEPOSITION

Rules of Civil Procedure under which this deposition was taken provide that the deposition transcript shall be made available to the witness or his attorney of record for examination and signature by the witness.

This deposition condensed transcript is provided for your review. It is yours to keep. Read it carefully before making any changes or corrections. Make transcript corrections on the Witness Signature Page.

Changes and/or corrections must be made in the following manner:

- (1) Indicate by number the page and line you wish to alter;
- (2) Indicate your change or correction;
- (3) Give the reason for making the change.

When you have followed the instructions above, sign the Witness Signature Page before a Notary Public and return it as soon as possible.

When we have received the signed and notarized transcript, we will forward all attorneys of record a copy of the completed Witness Signature Page and deliver the original transcript to Mr. David Mullin for safekeeping and use at trial.

If you have any questions about this procedure, please call my office at (806) 795-4202.

Kailee Pereida, CSR
 Caprock Court Reporting, Inc.
 1112 Texas, Suite 200
 Lubbock, Texas 79401
 (806) 795-4202

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EXHIBITS

NO.	DESCRIPTION	PAGE
8	Notice of Deposition of Gwen Schmucker	8

Page 8

(Exhibit 8 marked.)

(Witness sworn by court reporter.)

GWEN SCHMUCKER,

having been first duly sworn, testified as follows:

EXAMINATION

BY MR. MULLIN:

Q. Would you state your full name?

A. Gwen Renee Schmucker.

Q. Ms. Schmucker, I'm going to hand you Exhibit No. 8, which is the notice of your deposition, and just ask you if you've seen that previously?

A. Yes, I've seen it.

Q. And have you ever given a deposition before?

A. No.

Q. The court reporter is taking down my questions, your answers. And do you understand that they are -- they will be printed up in a booklet, and they may be read back in connection with a motion or a hearing or a trial in this case?

(The witness nods head.)

Q. And you have to answer verbally because otherwise it's just, "Witness nodded."

A. Yes.

Q. Okay. And during the course of the deposition, if you need a break for any reason, you can

Page 9

1 just ask for it. I only ask that you answer any pending
2 question before you break. Is that fair enough?

3 A. Yes.

4 Q. And if you find that I'm cutting you off when
5 I'm asking a question because I'm anticipating your
6 answer or you interrupt me, I mean, we'll -- let's agree
7 that I'll let you finish your answer, and you'll let me
8 finish my questions.

9 A. Okay.

10 Q. Did -- what did you do to prepare for your
11 deposition?

12 A. The only thing I did to prepare for it was to
13 meet with our lawyers.

14 Q. Okay. Did you review any documents?

15 A. I did not review any documents.

16 Q. Okay. Can you tell me what your position is
17 with Ford Motor Credit?

18 A. I am a business development manager.

19 Q. And what are your duties as business
20 development manager?

21 A. My main duties are to advise the finance
22 managers of the current plans and programs with Ford
23 Credit, to monitor market share, as well as marginal
24 mix, and to focus on e-contracting penetration.

25 Q. Okay. When you say, "advise the financial

Page 10

1 managers," are you talking the financial managers at the
2 dealerships?

3 A. Yes.

4 Q. Okay. And so those would be customers or
5 potential customers?

6 A. No. The finance managers at each dealership.

7 Q. Okay. Who would -- who themselves would be
8 potential customers that they -- their dealership would
9 be a potential customer of Ford Motor Credit?

10 A. Their dealership is -- is a customer of Ford
11 Credit, yes.

12 Q. Okay. All right. And have you had any role
13 since this bankruptcy was filed in trying to analyze
14 Ford Motor Credit's collateral position or the amount of
15 the debt?

16 A. No.

17 Q. Tell me what role you had with respect to
18 Reagor-Dykes. What were you doing with respect to
19 Reagor-Dykes?

20 A. During what time frame?

21 Q. Let's just talk about 2018 for now.

22 A. My role with Reagor-Dykes was to meet with the
23 two Ford stores on a monthly basis. I met with the
24 finance managers and occasionally the general manager
25 and reviewed the items that I had stated earlier; market

Page 11

1 share, marginal mix, e-contracting share.

2 Q. And marginal mix, what does that mean?

3 A. Marginal mix is the -- the amount of high-risk
4 credit customers, contracts, that we purchase versus
5 low-risk contracts.

6 Q. Is there some standard that Ford Credit
7 applies to determine what's high risk and what's low
8 risk?

9 A. We have -- we monitor FICO score, as well as
10 we have a tiering system.

11 Q. And what FICO score puts you into the high
12 risk?

13 A. 619 and below.

14 Q. Okay. All right. And was Reagor-Dykes, in
15 terms of the mix -- its marginal mix, was it high risk
16 compared to other dealerships?

17 A. There was discussions at the Plainview store
18 because we were purchasing a high mix of marginal
19 business.

20 Q. And what was -- what is e-contracting?

21 A. E-contracting is an electronic way to send the
22 contract to Ford Credit for funding. So we monitor the
23 number of paper contracts that we fund versus
24 electronically funding a contract.

25 Q. Okay. So would you be the person that

Page 12

1 actually reviews the contract with the dealer's
2 customer, with the buyer of the unit?

3 A. No.

4 Q. Who would that go to?

5 A. The finance manager does that.

6 Q. Okay. And where -- are those contracts sent
7 on to Ford?

8 A. Yes.

9 Q. Okay. Who receives them at Ford Motor Credit?

10 A. The funding department in the Nashville
11 business center.

12 Q. Is there a person that would be the person for
13 looking at those contracts in the Reagor-Dykes case?

14 A. No, no assigned person.

15 Q. Just --

16 A. It's --

17 Q. -- a group of people?

18 A. Correct.

19 Q. And who were the -- you said there were two
20 Ford stores. Which -- which two were the two that you
21 met with?

22 A. I call on the Ford store in Lamesa and the
23 Ford store in Plainview.

24 Q. And who were the finance manager and general
25 manager that you met with?

Page 13

1 A. I met with Spencer Dickey and Brian Melakian
2 in Lamesa. And I met with Ryan Reinhart, Lee Peebles,
3 and Eddie Ashburn in Plainview.

4 Q. Did you have any other role with respect to
5 Reagor-Dykes?

6 A. The -- being the local person in the field,
7 anything that I may be asked to deliver to the
8 message -- I'm sorry -- any messages to deliver to the
9 dealer or documents that we may need signed, I do that
10 on occasion or as requested.

11 Q. Do you -- do you live here in Lubbock?

12 A. No.

13 Q. Do you have an office here?

14 A. No.

15 Q. Okay. Where is your office?

16 A. In my house in Nazareth, Texas.

17 Q. Oh, okay. Yes. Okay.

18 Did you have any interactions with Shane
19 Smith?

20 A. Yes.

21 Q. Okay. Tell me what those were or what the
22 context was.

23 A. I -- on a weekly basis, he was included in an
24 e-mail I sent to each of the Ford stores. And those
25 e-mails contain wholesale incentive updates, as well as

Page 14

1 e-contracting standings.

2 Q. Did you ever have any other type of
3 communications with him other than that, Shawn Smith --
4 Shane Smith? Excuse me.

5 A. Right.

6 Q. Yeah.

7 A. Nothing other than saying hi to him if I saw
8 him in the corporate office. But I did not have any
9 other reason to meet with Shane Smith.

10 Q. So you -- other than what you've just told me
11 about, the e-mails to him and maybe saying hi to him
12 once in a while, did you have any other interactions or
13 communications with Shane Smith?

14 A. The only other is the audit summary report
15 that I sent out to him at -- after each wholesale audit.

16 Q. Okay. And why were you the person that was
17 sending out the audit summaries?

18 A. Because I'm the local sales rep. I'm the
19 local contact.

20 Q. And how long have you been in that position of
21 being the local contact who would send out the audit
22 summaries?

23 MR. LANGLEY: As to Reagor-Dykes?

24 MR. MULLIN: Yeah, as to Reagor-Dykes.
25 Yeah.

Page 15

1 A. The -- roughly a year and a half.

2 Q. (BY MR. MULLIN) Okay. Have you ever had any
3 contact or communication with Rick Dykes or Bart Reagor?

4 A. Yes.

5 Q. Okay. In what context?

6 A. I went to the corporate offices and met with
7 both of them to have some loan documents signed.

8 Q. When was that?

9 A. The best I can remember, that was about a year
10 ago.

11 Q. And was that for the floor plan?

12 A. That was for a capital loan.

13 Q. Do you know how the funds were to be used?

14 A. No.

15 Q. Do you know how big the loan was?

16 A. A \$5 million capital loan.

17 Q. Do you remember any conversation at that time?

18 A. No. It was just the signing of the documents,
19 no other conversation about business that I can recall.

20 Q. Okay. Did you have any other -- is that the
21 only time you've ever spoken to Rick Dykes or Bart
22 Reagor?

23 A. I spoke with each of them recently out at
24 Lamesa and at Plainview when Ford presented them with a
25 President's Award.

Page 16

1 Q. When was that?

2 A. June or July.

3 Q. OF 2018?

4 A. Yes, sir.

5 Q. Tell me what the President's Award is.

6 A. It's a Ford award that I -- I'm not sure the
7 criteria. It's not a Ford Credit award.

8 Q. Ford Motor Company award?

9 A. Yes.

10 Q. And what president are they referring to? The
11 president of Ford Motor?

12 A. I don't know.

13 Q. But you gave them the award in person?

14 A. No. I was just there -- just there to support
15 Ford and the dealer on behalf of Ford Credit. I was not
16 administering the award. I was not delivering the
17 award. I was strictly there as a representative of Ford
18 Credit.

19 Q. Okay. And who -- who actually delivered the
20 award -- the President's Award to Mr. Dykes and
21 Mr. Reagor?

22 A. It was their Ford rep or -- and the parts and
23 service rep was there as well.

24 Q. And you mean a Ford Motor Company rep, right?

25 A. Right, Ford Motor.

Page 17

1 Q. Do you know his name?
 2 A. Eric Cooper.
 3 Q. And then the parts and service rep was?
 4 A. I can't remember her name.
 5 Q. Okay. Is it a common thing for a dealer to
 6 win the President's Award?
 7 A. No.
 8 Q. Are they the only ones in your region that won
 9 it?
 10 A. Yes, sir.
 11 Q. Let me talk to you about Exhibit 4, which is
 12 in this stack. Take a look at that a second.
 13 Have you seen that before, Exhibit 4?
 14 A. Yes.
 15 Q. All right. When did -- when did you see it?
 16 A. When I sent it.
 17 Q. All right. And how did -- how did you come to
 18 have the Reagor-Dykes Group audit summary?
 19 A. The business center sends it to me after the
 20 audit is conducted. And I'm instructed to forward it on
 21 to the owners, as well as the CFO.
 22 Q. So during the 18 months that you were
 23 responsible for the Reagor-Dykes account, you would have
 24 received the quarterly audit summaries for Reagor-Dykes?
 25 A. I receive it as each audit is completed.

Page 18

1 Q. Okay. But during your whole 18-month period?
 2 (The witness nods head.)
 3 Q. Verbal or yes or --
 4 A. Can you --
 5 Q. -- no. You're shaking your head.
 6 A. Okay.
 7 Q. That's what I'm concerned about.
 8 A. I'm not sure the question you're asking me.
 9 Q. I'm just asking you: During your 18-month
 10 period, every quarter you would receive the Reagor-Dykes
 11 Group audit summary?
 12 A. I -- it's not on a set basis. I don't know if
 13 it was every quarter. But as we conducted an audit at
 14 the stores, then I was sent the group summary, which I
 15 forwarded on --
 16 Q. Okay.
 17 A. -- to the owners.
 18 Q. So you would have received all group audit
 19 summaries --
 20 A. Yes.
 21 Q. -- during that time period? Okay.
 22 And did you review the Reagor-Dykes Group
 23 audit summary of June 28th, 2018, that's attached?
 24 A. I looked at the violation percentage on the
 25 report.

Page 19

1 Q. Which is very low, right?
 2 A. On that one, yes.
 3 Q. And did you look at the rest of the report?
 4 A. No.
 5 Q. Okay. So you didn't look at the third page at
 6 all?
 7 A. No.
 8 Q. Okay. And you told Mr. Dykes and Mr. Reagor
 9 that these results really are fantastic?
 10 A. Yes.
 11 Q. Okay. Is the -- is the audit report that's
 12 attached accurate -- the report that's attached to
 13 Exhibit 4?
 14 MR. LANGLEY: Objection to
 15 qualifications. Objection; vague and ambiguous.
 16 A. I can't speak to whether it's accurate. I
 17 just pass along the information that I receive.
 18 Q. (BY MR. MULLIN) Okay. Well, did you ever
 19 come to the conclusion it was inaccurate?
 20 MR. LANGLEY: Same objection.
 21 A. No.
 22 Q. (BY MR. MULLIN) Did anybody ever discuss with
 23 you that the sales reflected on here at the Floydada
 24 store were of 225 vehicles for \$9.4 million in the last
 25 seven business days, whether it was either improbable or

Page 20

1 impossible?
 2 A. No.
 3 Q. Was it part of your responsibilities to review
 4 the whole report or just the first page?
 5 A. My responsibility is to look at the violation
 6 percentage.
 7 Q. But your e-mail doesn't refer to the violation
 8 percentage or the first page only. It just says the
 9 results are fantastic, right?
 10 MR. LANGLEY: Objection; argumentative.
 11 Objection; the document speaks for itself.
 12 Q. (BY MR. MULLIN) Right?
 13 A. The e-mail doesn't -- it doesn't specifically
 14 address what area I'm looking at.
 15 Q. Do you -- do you know how much Ford is
 16 claiming Reagor-Dykes owes it at this time?
 17 A. I do not know the specific, exact number.
 18 Q. Okay. Have you -- I'm going to show you some
 19 reports and just ask you if you've ever seen them.
 20 Have you seen Exhibit No. 2?
 21 A. No.
 22 Q. Okay. How about Exhibit No. 3? Have you seen
 23 that?
 24 A. No.
 25 Q. Okay. Did you ever receive this report,

Page 21

1 Exhibit No. 5?

2 A. No.

3 Q. Have you ever seen any of the audited

4 financial statements for Reagor-Dykes?

5 A. No.

6 Q. Okay. Have you seen any reports from

7 Reagor-Dykes reflecting the amount of funds in transit,

8 transactions that are in transit?

9 A. No.

10 Q. Have you seen any reports from Reagor-Dykes

11 listing un-floored vehicles?

12 A. No.

13 Q. Do you know if Ford Motor Credit received

14 audited financials from Ford Motor Credit?

15 A. I don't know.

16 Q. I mean -- excuse me -- from Reagor-Dykes?

17 A. I don't know.

18 Q. Do you -- have you seen any analysis by Ford

19 Motor Credit of the value of its collateral for the

20 Reagor-Dykes indebtedness?

21 A. No.

22 Q. Do you have any information about how large

23 amount of out-of-trust lending Ford has with

24 Reagor-Dykes?

25 A. No.

Page 22

1 Q. Did you participate at all in the

2 July 26th-27th audit of Reagor-Dykes?

3 A. Yes.

4 Q. Tell me what you did there.

5 A. I was assigned to be in Lamesa on Friday

6 morning, the twenty -- I don't know what date that was.

7 Q. I think the 7th is the -- 27th is Friday, and

8 the 26th is a Thursday.

9 A. I was assigned to be in Lamesa on Friday, the

10 27th, that morning. I worked with the auditors to

11 locate any missing units that we needed to inspect.

12 Q. So did you have a list you worked off of?

13 A. I did not have a specific list.

14 Q. Did the people you were working with have a

15 list?

16 A. The auditors had a list.

17 Q. Okay. Who were those -- who were the people

18 you worked with?

19 A. It was employees of our outside auditing

20 company, AiM.

21 Q. AiM?

22 (The witness nods head.)

23 Q. But you didn't -- you don't know their names?

24 A. I don't recall the auditors' names.

25 Q. Was one of their last names Tyson?

Page 23

1 A. I don't know.

2 Q. And then did you actually inspect vehicles and

3 check them off the list? Is that what you were doing?

4 A. Just one or two that were missing that maybe

5 the dealer employee had found the vehicle or it had --

6 was on the lot. So I would go out and look at it and

7 verify that the VIN matched with what we were looking

8 for.

9 Q. Do you know how the July 27th audit came to

10 take place at Reagor-Dykes? How did that happen?

11 A. Can -- can you clarify that?

12 Q. Well, I mean, the audits -- from what we've

13 heard, the audits were quarterly. So the audit on

14 July 27th was not quarterly, right?

15 (The witness nods head.)

16 Q. You've got --

17 A. Yes.

18 Q. And so why was Ford conducting a non-quarterly

19 audit?

20 A. I was advised by Gary Byrd on Monday of that

21 week that we had some concerns with the information that

22 we were provided at the previous audit, and we were

23 going to conduct a surprise audit at the stores.

24 Q. Okay. And what was the source of the concerns

25 with the information provided at the previous audit?

Page 24

1 MR. LANGLEY: Objection; calls for

2 speculation.

3 A. I wasn't given the details or any further

4 information.

5 Q. (BY MR. MULLIN) Did Mr. Byrd tell you where

6 this request for a surprise audit came from?

7 A. He did not.

8 Q. Do you have any idea where it came from?

9 A. No.

10 MR. LANGLEY: Objection; calls for

11 speculation.

12 A. I don't.

13 Q. (BY MR. MULLIN) Did you ever hear of anything

14 called Black Belt?

15 A. Yes.

16 Q. What is that?

17 A. I don't -- I don't have a description of it.

18 I've just heard employees in the business center are

19 given that title. But I have no knowledge of what that

20 entails.

21 Q. Okay. Do you know if Black Belt had anything

22 to do with the audit on the 26th and 27th?

23 A. Not that I'm aware of.

24 Q. So during the audit on the 26th and 27th, you

25 and people from AiM and perhaps other Ford Credit

Page 25

1 employees went out and inspected the vehicles?
 2 MR. LANGLEY: Objection; assumes facts
 3 not in evidence.
 4 A. The -- I was the only Ford Credit employee at
 5 the store in Lamesa on Friday. And I was sent to assist
 6 the auditors with anything they may need.
 7 Q. (BY MR. MULLIN) Do you know if any other Ford
 8 Credit employees were sent out to assist the AiM
 9 auditors?
 10 A. At --
 11 Q. At Reagor-Dykes that -- on the 26th, 27th,
 12 28th.
 13 A. In Lamesa?
 14 Q. Well, no, in other places. You know what
 15 happened in Lamesa. But what about other places? Do
 16 you know?
 17 A. I was told that one Ford Credit employee would
 18 be assigned to each of the stores to be there Friday.
 19 Q. Do you know who that other Ford Credit
 20 employee was at any of the other stores?
 21 A. I don't.
 22 Q. And since that date -- since you were in
 23 Lamesa, did you have any further involvement with
 24 Reagor-Dykes?
 25 A. With the -- with the owners? With the --

Page 26

1 Q. Yeah, anybody. Did you talk to anybody? Did
 2 you have any -- you know, do anything with respect to
 3 collecting the debt?
 4 A. I was assigned to stay in Lamesa and collect
 5 keys, MSO's, and titles.
 6 Q. Did you do that?
 7 A. I did.
 8 Q. And what are MSO's?
 9 A. It's a certificate of origin on a new unit.
 10 Q. Okay. And titles?
 11 A. On used vehicles.
 12 Q. All right. And what did you do with the
 13 MSO's, keys, and titles that you gathered?
 14 A. I kept them in my possession.
 15 Q. Do you still have them?
 16 A. No.
 17 Q. Well, what happened to them?
 18 A. I handed them -- when I left Lamesa, I handed
 19 them off to the people who were taking my place.
 20 Q. Who were?
 21 A. Ford -- the Ford Credit employee assigned.
 22 Q. Who was that?
 23 A. Chad Prejean.
 24 Q. How do you spell that last name?
 25 A. P-R-E-J-E-A-N.

Page 27

1 Q. Okay.
 2 MR. MULLIN: Let's take a quick break.
 3 (Break from 1:57 p.m. to 2:01 p.m.)
 4 Q. (BY MR. MULLIN) Had you ever participated in
 5 an audit like the one that occurred on July 27th before?
 6 Had you ever --
 7 A. No.
 8 Q. Okay. Was that unusual to you, that event,
 9 that audit?
 10 A. Unusual --
 11 Q. In the sense that you -- that you just hadn't
 12 seen anything like that done before by Ford.
 13 A. Yes.
 14 Q. Okay. After the handoff -- when you handed
 15 off the keys and the titles and the -- and the MSO's,
 16 did you have anymore involvement with Reagor-Dykes?
 17 A. Yes.
 18 Q. What was it?
 19 A. Well, I'm currently assigned to work in the
 20 Plainview store.
 21 Q. Okay. And what are you doing there?
 22 A. Physically counting the inventory and
 23 accounting for all keys, MSO's, and titles.
 24 Q. Okay. On the one report -- I think it's here.
 25 I think the Plainview -- I think the Plainview store

Page 28

1 is -- let me see if I can find -- yeah, the -- and
 2 you're talking about this Plainview store -- this
 3 would -- would you be responsible for knowing what was
 4 out of trust at the Plainview store? I think the second
 5 one down is Plainview.
 6 A. This is the Ford store in Plainview, which is
 7 the one I'm assigned to.
 8 Q. The one that's marked what, DD --
 9 A. DDAAH5.
 10 Q. Okay. But would you have been the one that
 11 came up with that 183 number for the number of
 12 vehicles --
 13 A. No.
 14 Q. -- that were out of trust?
 15 A. No.
 16 Q. Okay. Have -- were you responsible to do a
 17 valuation of the inventory at the Plainview store?
 18 A. No.
 19 Q. Have you seen any reports on that?
 20 A. No.
 21 Q. But you are supposed to keep track of what the
 22 total inventory is?
 23 A. I am responsible for the inventory that is
 24 sitting on the ground.
 25 Q. All right.

Page 29

1 A. So the physical inventory on the lot.
 2 Q All right. Have you -- is there a document
 3 that you have that keeps track of that?
 4 A. Yes.
 5 Q Okay. Have you -- have you shared that with
 6 Reagor-Dykes?
 7 A. No.
 8 Q Okay.
 9 MR. MULLIN: We would request that
 10 document.
 11 MR. LANGLEY: Very good. We'll -- we
 12 will respond.
 13 Q. (BY MR. MULLIN) Can you tell me what the --
 14 what the inventory is in terms of total vehicles at the
 15 Plainview store at this time?
 16 A. I believe it is 313 units.
 17 Q. Can you give me the value in round numbers?
 18 A. No.
 19 Q. Do you know what the cost figure is on them or
 20 the advances?
 21 A. No.
 22 Q. Okay. You just know the number of vehicles?
 23 (The witness nods head.)
 24 Q. Are -- are there any sales taking place
 25 there --

Page 30

1 A. There are --
 2 Q. -- at Plainview?
 3 A. -- occasional sales.
 4 Q. And are you monitoring the sales?
 5 A. I will be, yes.
 6 Q. Okay. Do you know what's happening to the
 7 proceeds from the sales?
 8 A. We are overnighting them to our business
 9 center. And that's the extent of my involvement with
 10 it.
 11 Q. To the Ford Motor Business Center?
 12 A. Yes, Ford Motor Credit.
 13 Q. Ford Motor Credit Business Center. All right.
 14 So at this time when there are sales of
 15 Ford's collateral, Ford is getting the proceeds?
 16 A. Yes.
 17 Q. All right. And who are you working with at
 18 the Plainview store?
 19 A. The dealership employees?
 20 Q. Yeah.
 21 A. Eddie Ashburn and Ryan Reinhart.
 22 Q. Ryan Reinhart?
 23 THE WITNESS: Is it Rhinehart or
 24 Reinhart?
 25 MR. DYKES: Reinhart.

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1 A. Reinhart.
 2 Q. (BY MR. MULLIN) And have they been treating
 3 you the way you want to be treated?
 4 A. Yes.
 5 Q. Okay. And is there anybody else from Ford
 6 working there -- Ford Credit?
 7 A. Yes.
 8 Q. Who is that?
 9 A. Mindy Kincaid, Larry Larson, Sarah -- I can't
 10 recall her last name at the moment -- and Adam Niemeyer.
 11 Q. And what are they doing?
 12 A. We're all working together to do physical
 13 audits on the inventory, to account for all keys and
 14 MSO's and titles.
 15 Q. Okay. Do you -- has anybody shared with you
 16 what Ford intends to do if the Court were to grant its
 17 relief from stay so that it could take possession of the
 18 collateral?
 19 A. No.
 20 Q. Have you had any communications with Gary Byrd
 21 concerning Reagor-Dykes since July 27th?
 22 A. No.
 23 Q. And your supervisor is Paul Boudreau?
 24 A. That's -- Paul Boudreau and Rene Leal.
 25 Q. Okay. Is Rene Leal your immediate supervisor?

Page 32

1 A. No.
 2 Q. Okay.
 3 A. Above -- Gary Byrd would be my immediate
 4 supervisor. Paul Boudreau is above Gary.
 5 Q. Okay. And where does Rene Leal fit into the
 6 picture?
 7 A. Well, he's kind of a sideline -- him and Gary
 8 Byrd are on the same level.
 9 Q. Okay.
 10 MR. MULLIN: I'll pass the witness.
 11 EXAMINATION
 12 BY MR. BUSTOS:
 13 Q. Ma'am, my name is Fernando Bustos, and I
 14 represent Vista Bank. I have a few questions for you.
 15 Did you ever have occasion to communicate
 16 with Shane Smith before?
 17 MR. LANGLEY: It's been asked and
 18 answered. Are you asking a different question?
 19 Q. (BY MR. BUSTOS) Before July 28th, 2018, did
 20 you have occasion to speak with Shane Smith before?
 21 A. As I stated, he was included on my weekly
 22 e-mails that I sent out to the two Ford stores. And
 23 then I would send -- he was included on the audit
 24 summary that I would send out as well.
 25 Q. Would you describe what things you normally

Page 33

1 would communicate with Mr. Smith as part of your job
2 duties?

3 A. Every Friday, I would send an e-mail that
4 contained the wholesale incentive checkup, so wholesale
5 incentive standings, as well as the e-contracting
6 penetration at the two Ford stores.

7 Q. Do you know what e-mail address Mr. Smith
8 would use when he would communicate with you? Was it a
9 Reagor-Dykes address --

10 A. Yes.

11 Q. -- or a Gmail or Yahoo address?

12 A. No, Reagor-Dykes. It was a corporate e-mail
13 address.

14 Q. Did he ever send you text messages?

15 A. No.

16 MR. BUSTOS: I pass the witness.

17 THE WITNESS: I'm sorry?

18 EXAMINATION

19 BY MR. STROHSCHN:

20 Q. Ms. Schmucker, my name is Steve Strohschein.
21 I represent GM Financial.

22 In your role as a business development
23 person with Ford Motor Credit, did you stay generally
24 aware of the wholesale side of the borrowings of the
25 Reagor-Dykes entities from Ford Motor Credit?

Page 34

1 A. That's not part of my daily job duties.

2 Q. But were you generally aware of the -- how
3 much the Reagor-Dykes entities were borrowing from Ford
4 Motor Credit?

5 A. It wasn't common -- it wasn't common knowledge
6 to me. If I needed to look that up, I could. But it's
7 not something that I looked at or concerned myself with
8 on a -- even a monthly basis.

9 Q. You mentioned you met with Mr. Reagor and
10 Mr. Dykes to execute some loan documents. And that was
11 for a capital loan that was being made by Ford Motor
12 Credit to Reagor-Dykes?

13 A. Yes.

14 Q. And that was in the amount of how much?

15 A. 5 million.

16 Q. And the timing of that roughly?

17 A. The best I can remember, it was a year ago.

18 Q. Last summer sometime?

19 A. Yes.

20 Q. Do you remember the purpose for that loan?

21 A. No.

22 Q. Were there other capital loans made by Ford
23 Motor Credit to the Reagor-Dykes entities?

24 A. Not that I'm aware of.

25 Q. To your knowledge, the current indebtedness

Page 35

1 owed by the Reagor-Dykes entities to Ford Motor Credit,
2 that would be the only capital loan?

3 A. To my knowledge.

4 Q. Everything else would be floor plan
5 indebtedness?

6 A. Yes.

7 MR. STROHSCHN: No other questions.

8 EXAMINATION

9 BY MR. CARDER:

10 Q. I'm Mark Carder for First Bank.

11 Have you seen or done any analysis on
12 double-flooring of collateral claimed by Ford and other
13 third-party lenders?

14 A. No.

15 MR. CARDER: I pass the witness.

16 MR. LASHAWAY: Reserve.

17 EXAMINATION

18 BY MR. MASSOUH:

19 Q. Hi, I'm John Massouh with First Capital Bank
20 of Texas. I just want to clarify a few things.

21 On July 27th, you were assigned to visit
22 the Lamesa store?

23 A. Yes.

24 Q. And when you picked up the keys and MSO's and
25 titles, did you just pick up everything that was there

Page 36

1 and hand it off to Chad, or was there any segregation as
2 between keys, titles, and MSO's by you?

3 A. There was no segregation. I picked up every
4 MSO and title that the -- that I could find and as many
5 of the keys as I could get my hands on.

6 Q. Did you or anyone else cross-check those
7 titles as against vehicles that were floor-planned by
8 Ford Motor Credit?

9 A. Yes.

10 Q. And who did that?

11 A. Chad and I worked together the following days
12 to verify -- we went through the titles and verified if
13 they belonged to a unit that we had floored.

14 Q. Okay. Did you come across any titles that did
15 not belong to a unit you had floored?

16 A. Yes.

17 Q. What did you do with those titles?

18 A. We still have those in our possession.

19 Q. Have those been segregated from the other
20 titles to your knowledge?

21 A. They're still all in the same folder.

22 Q. But there has been a differentiation made as
23 between units floored by Ford Motor Credit and units not
24 floored by Ford Motor Credit with regard to those
25 titles?

Page 37

1 A. Yes.

2 Q. And with regard to your current duties at

3 the -- is it the Plainview store?

4 A. Yes.

5 Q. Are you going through that same process of

6 cross-checking units floored by Ford Motor Credit and

7 not floored by Ford Motor Credit with regard to those

8 titles?

9 A. Yes.

10 Q. And are there units at the Plainview store

11 that you have titles for that were not floored by Ford

12 Motor Credit?

13 A. Yes.

14 Q. Okay. And have those been segregated out in

15 the folder or a different folder compared to the other

16 titles to your knowledge?

17 A. I -- I'm not sure how the titles are -- how

18 we're storing the titles in Plainview.

19 Q. Okay. Can you tell me the -- approximately

20 the number of non-Ford Motor Credit floor plan titles

21 you acquired from the Lamesa store?

22 A. No. I don't know.

23 Q. Okay. Do you know how many from the Plainview

24 store?

25 A. No.

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1 Q. With regard to the occasional sales that are

2 occurring at the Plainview store, are any of those sales

3 related to vehicles that were not floor-planned by Ford

4 Motor Credit?

5 A. Not that I'm aware of.

6 Q. Are you tracking that, as you're monitoring

7 these sales, whether or not the vehicle is floor-planned

8 by Ford Motor Credit or someone else?

9 A. Yes.

10 MR. MASSOUH: Pass the witness.

11 MR. MULLIN: Come back to me?

12 MR. LANGLEY: Back to you.

13 EXAMINATION

14 BY MR. MULLIN:

15 Q. Can you give me -- I know you said you didn't

16 know the number. But can you say -- can you tell me is

17 it single digits and are we talking something that's 1

18 to 9 or are we talking 10 to 99 or are we talking 100 or

19 above?

20 A. On?

21 Q. On these titles that Ford Credit has that are

22 for vehicles they didn't floor.

23 A. I -- I don't know the specific number above

24 10.

25 Q. But it's above 10?

Page 39

1 A. Yes.

2 Q. Okay. But under 100?

3 A. Yes.

4 Q. All right. All right. That's all we have

5 right now.

6 MR. LANGLEY: All right. Keith Langley

7 on behalf of Ford Credit and the witness, and we'll

8 reserve questions.

9 (Deposition concluded at 2:15 p.m.)

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Page 40

1 CHANGES AND SIGNATURE

2 WITNESS NAME: GWEN SCHMUCKER

3 DATE OF DEPOSITION: AUGUST 15, 2018

4 PAGE LINE CHANGE REASON

5 _____

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Page 41

I, GWEN SCHMUCKER, have read the foregoing deposition and hereby affix my signature (that same is true and correct, except as noted above.

GWEN SCHMUCKER

THE STATE OF _____)
COUNTY OF _____)

Before me, _____, on this day personally appeared GWEN SCHMUCKER, known to me (or proved to me under oath or through

_____ (description of identity card or other document)) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____,

NOTARY PUBLIC IN AND FOR
THE STATE OF _____
COMMISSION EXPIRES: _____

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REPORTER'S CERTIFICATION
DEPOSITION OF GWEN SCHMUCKER
AUGUST 15, 2018

I, Kailee Pereida, CSR No. 8398, Certified Shorthand Reporter in and for the State of Texas, hereby certify to the following:

That the foregoing proceedings were taken before me at the time and place therein set forth, at which time the witness was put under oath by me;

That the testimony of the witness, the questions propounded, and all objections and statements made at the time of the examination were recorded stenographically by me and were thereafter transcribed;

That a review of the transcript by the deponent was requested;

That I _____ is the deposition officer's charges to Mr. David Mullin, Attorney for Debtors, for preparing the original deposition transcript and any copies of exhibits;

That the foregoing is a true and correct transcript of my shorthand notes so taken

I further certify that I am not a relative or employee of any attorney of the parties, nor financially interested in the action.

I declare under penalty of perjury under the laws of Texas that the foregoing is true and correct.
Dated this 15th day of August, 2018.

Kailee Pereida, Texas CSR 8398
Expiration Date: December 31, 2019
Caprock Court Reporting, Inc.
Firm Certificate Number: 374
1112 Texas, Suite 200
Lubbock, Texas 79401
(806) 795-4202

Page 42

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE: _____)

REAGOR-DYKES MOTORS, LP,)Case No. 18-50214-rjl11

Debtor. _____)

IN RE: _____)

REAGOR-DYKES IMPORTS, LP,)Case No. 18-50215-rjl11

Debtor. _____)

IN RE: _____)

REAGOR-DYKES AMARILLO, LP,)Case No. 18-50216-rjl11

Debtor. _____)

IN RE: _____)

REAGOR-DYKES AUTO COMPANY,)
LP,)Case No. 18-50217-rjl11

Debtor. _____)

IN RE: _____)

REAGOR-DYKES PLAINVIEW, LP,)Case No. 18-50218-rjl11

Debtor. _____)

IN RE: _____)

REAGOR-DYKES FLOYDADA, LP,)Case No. 18-50219-rjl11

Debtor. _____)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:

REAGOR-DYKES MOTORS, LP, }
Debtor. } Case No. 18-50214-rlj11

IN RE:

REAGOR-DYKES IMPORTS, LP, }
Debtor. } Case No. 18-50215-rlj11

IN RE:

REAGOR-DYKES AMARILLO, LP, }
Debtor. } Case No. 18-50216-rlj11

IN RE:

REAGOR-DYKES AUTO COMPANY, }
LP, } Case No. 18-50217-rlj11
Debtor. }

IN RE:

REAGOR-DYKES PLAINVIEW, LP, }
Debtor. } Case No. 18-50218-rlj11

IN RE:

REAGOR-DYKES FLOYDADA, LP, }
Debtor. } Case No. 18-50219-rlj11

CORRECTION PAGES

ORAL DEPOSITION OF

GWEN SCHMUCKER

AUGUST 15, 2018

Volume 1

ORAL DEPOSITION OF GWEN SCHMUCKER, produced as a
witness at the instance of the DEBTORS, and duly sworn,
was taken in the above-styled and numbered cause on
AUGUST 15, 2018, from 1:29 p.m. to 2:15 p.m., before
Kailee Perelda, CSR in and for the State of Texas,
reported by machine shorthand, at the law offices of
Mullin, Hoard & Brown, L.L.P., 1400 Broadway, Suite 700,
Lubbock, Texas, pursuant to the Federal Rules of Civil
Procedure.

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20 Mr. Howie Ravitz
21 Mr. Scott Wade

22

23

24

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Page 40

1 CHANGES AND SIGNATURE

2 WITNESS NAME: GWEN SCHMUCKER

3 DATE OF DEPOSITION: AUGUST 15, 2018

4 PAGE LINE CHANGE REASON

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1 I, GWEN SCHMUCKER, have read the foregoing
2 deposition and hereby affix my signature that same is
3 true and correct, except as noted above.

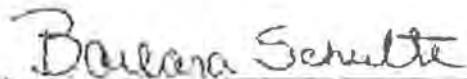
4 
5 GWEN SCHMUCKER

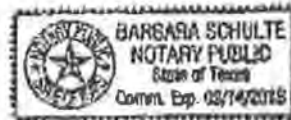
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7 THE STATE OF Texas)
8 COUNTY OF Centre)

9 Before me, Gwen Schucker, on this day
10 personally appeared GWEN SCHMUCKER, known to me (or
11 proved to me under oath or through
12 Driver's License) (description of identity
card or other document)) to be the person whose name is
13 subscribed to the foregoing instrument and acknowledged
14 to me that they executed the same for the purposes and
15 consideration therein expressed.

16 Given under my hand and seal of office this

17 24th day of August, 2018.

18 
19 NOTARY PUBLIC IN AND FOR
20 THE STATE OF Texas
21 COMMISSION EXPIRES: 9/14/2018



IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:

REAGOR-DYKES MOTORS, LP,)
Debtor.) Case No. 18-50214-rlj11

IN RE:

REAGOR-DYKES IMPORTS, LP,)
Debtor.) Case No. 18-50215-rlj11

IN RE:

REAGOR-DYKES AMARILLO, LP,)
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Debtor.) Case No. 18-50218-rlj11

IN RE:

REAGOR-DYKES FLOYDADA, LP,)
Debtor.) Case No. 18-50219-rlj11

REPORTER'S CERTIFICATION
DEPOSITION OF GWEN SCHMUCKER
AUGUST 15, 2018

I, Kailee Pereida, CSR No. 8398, Certified
Shorthand Reporter in and for the State of Texas, hereby
certify to the following:

That the foregoing proceedings were taken before me
at the time and place therein set forth, at which time
the witness was put under oath by me;

That the testimony of the witness, the questions
propounded, and all objections and statements made at
the time of the examination were recorded
stenographically by me and were thereafter transcribed;

That a review of the transcript by the deponent was
requested;

That \$ 713.80 is the deposition officer's
charges to Mr. David Mullin, Attorney for Debtors, for
preparing the original deposition transcript and any
copies of exhibits;

That the foregoing is a true and correct transcript
of my shorthand notes so taken.

I further certify that I am not a relative or
employee of any attorney of the parties, nor financially
interested in the action.

I declare under penalty of perjury under the laws
of Texas that the foregoing is true and correct.

Dated this 15th day of August, 2018.

Kailee Pereida

Kailee Pereida, Texas CSR 8398
Expiration Date: December 31, 2019

Caprock Court Reporting, Inc.
Firm Certificate Number: 374
1112 Texas, Suite 200
Lubbock, Texas 79401
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Page 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:)
REAGOR-DYKES MOTORS, LP,)Case No. 18-50214-rjl
Debtor)

IN RE:)
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IN RE:)
REAGOR-DYKES FLOYDADA, LP,)Case No. 18-50219-rjl
Debtor)

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ORAL DEPOSITION OF
JAMES CONLAN
AUGUST 15, 2018
Volume 1

ORAL DEPOSITION OF JAMES CONLAN, produced as a
witness at the instance of the DEBTOR, and duly sworn,
was taken in the above-styled and numbered cause on
AUGUST 15, 2018, from 4:00 p.m. to 4:44 p.m., before
Kailee Pereida, CSR in and for the State of Texas,
reported by machine shorthand, at the law offices of
Mullin, Hoard & Brown, L.L.P., 1500 Broadway, Suite 700,
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EXHIBIT**D**

Page 5

ALSO PRESENT:

Mr. Mike Cannon
Mr. Toby Cecil
Mr. Jonathan Hill
Mr. Howie Ravitz
Mr. Scott Wade

Page 7

INSTRUCTIONS FOR SIGNING A DEPOSITION

Rules of Civil Procedure under which this deposition was taken provide that the deposition transcript shall be made available to the witness or his attorney of record for examination and signature by the witness.

This deposition condensed transcript is provided for your review. It is yours to keep. Read it carefully before making any changes or corrections. Make transcript corrections on the Witness Signature Page.

Changes and/or corrections must be made in the following manner:

(1) Indicate by number the page and line you wish to alter;

(2) Indicate your change or correction;

(3) Give the reason for making the change.

When you have followed the instructions above, sign the Witness Signature Page before a Notary Public and return it as soon as possible.

When we have received the signed and notarized transcript, we will forward all attorneys of record a copy of the completed Witness Signature Page and deliver the original transcript to Mr. David Mullin for safekeeping and use at trial.

If you have any questions about this procedure, please call my office at (806) 795-4202.

Kailce Pereida, CSR
Caprock Court Reporting, Inc.
1112 Texas, Suite 200
Lubbock, Texas 79401
(806) 795-4202

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(Witness sworn by court reporter.)

JAMES CONLAN,

having been first duly sworn, testified as follows:

EXAMINATION

BY MR. MR. MULLIN:

Q. State your full name.

A. James Edward Conlan.

Q. Mr. Conlan, have you ever given a deposition before?

A. I have not.

Q. Okay. In the deposition procedure, the court reporter is taking down my questions, your answers. You're under oath. The testimony will be printed up in a booklet. And it can be read back at a trial or a hearing or in connection with a motion in the case.

So it's very important that you understand my questions and that you answer that question, not some other question.

A. Okay.

Q. If at any time you don't understand my question, just tell me you don't understand the question, and I'll try to explain it.

If you will let me finish my questions, I'll let you finish your answers. Is that fair enough?

A. That is.

Page 9

1 Q. Okay. And are you represented by counsel for
2 Ford Motor Credit today?

3 A. Yes, I am.

4 Q. Okay. What did you do to prepare for your
5 deposition?

6 A. I -- we met briefly with them and just told me
7 about kind of what to expect for the --

8 MR. LESLIE: Objection --

9 Q. (BY MR. MULLIN) Don't tell me what --

10 MR. LESLIE: Don't tell him anything
11 about what we talked about.

12 Q. (BY MR. MULLIN) Don't say what he told you.
13 Just like you met with your lawyers, and then did you
14 look at any documents?

15 A. No.

16 Q. Okay.

17 (Exhibit 10 marked.)

18 Q. This is Exhibit No. 10. And that is your
19 deposition notice. Have you seen that document before
20 today?

21 A. I have.

22 Q. All right. If you need a break at any time,
23 just let me know, and as long as you -- I'd like you to
24 finish your answer -- whatever answer you have to the
25 pending question, but then you can take a break whenever

Page 11

1 A. It -- the data speaks for itself. We say in
2 Six Sigma, the data will set you free.

3 Q. Okay. Is -- at Ford Motor Credit, are you
4 focused on one area of data? I mean, do you go around
5 the company and say, hey, we could make more profit if
6 we did this or this dealer is going to be a problem if
7 you look at his data? Or what kind of projects do you
8 do for Ford with the Six Sigma data?

9 A. Any project that I'm assigned. It doesn't
10 have to be with dealers. It's a lot with customers.
11 But any process. It can be how we send out our mail,
12 for example, about our process, a more efficient way of
13 doing that.

14 Q. Okay.

15 A. It can be how we process any kind of paperwork
16 that the customer sends a dealer.

17 Q. Okay. Is there some place online or -- that
18 kind of describes this Six Sigma Black Belt in more
19 detail?

20 A. Yeah. You could go to isixsigma.com.

21 Q. Okay. All right. Let's -- let's just jump
22 ahead to -- well, how long have you been working for
23 Ford Motor Credit?

24 A. It'll be 29 years in October.

25 Q. And for how many of those years have you been

Page 10

1 you want.

2 A. Okay.

3 Q. Tell me what your job title is at Ford Motor
4 Credit.

5 A. I'm a Six Sigma Black Belt.

6 Q. Okay. How do you -- how are you spelling Six
7 Sigma?

8 A. S-I-X, S-I-G-M-A.

9 Q. And what does it mean to be a Six Sigma Black
10 Belt?

11 A. It's a certification that you receive
12 accreditation for going through a process.

13 Q. Okay. And what is that process?

14 A. It consists of completing projects and also
15 taking an online certification.

16 Q. Okay. And what does it certify you to be able
17 to do?

18 A. To run Six Sigma projects.

19 Q. Okay. And what is a Six Sigma project?

20 A. It's a process of using data to drive all your
21 decisions. It's a data-driven approach to process
22 improvement.

23 Q. Okay. Well, I'm sure most people would claim
24 at least that they use data to drive all their
25 decisions. So what's unique about this use of data?

Page 12

1 a Six Sigma Black Belt?

2 A. Over six off and on.

3 Q. All right. Tell me how you got involved with
4 Reagor-Dykes Auto Group.

5 A. It was a -- there was a recent dealer status
6 that they asked us to kind of do a postmortem on and
7 determine if we could use data to identify any other
8 potential issues.

9 Q. Okay. And who asked you to do that?

10 A. Steve Gracz.

11 Q. How does he spell his last name?

12 A. G-R-A-C-Z.

13 Q. Okay. And what's his position with Ford Motor
14 Credit?

15 A. He's the director of consumer risk.

16 Q. And where is he located?

17 A. In Dearborn, Michigan.

18 Q. Do you know how Mr. Gracz got involved in
19 looking at Reagor-Dykes?

20 A. I don't.

21 Q. Okay. So he just contacted you kind of out of
22 the blue?

23 A. He contacted me on a different dealer to
24 research and do a postmortem on. And using data, that's
25 how I came across the Reagor-Dykes as another potential

Page 13

1 dealer to look at.
 2 Q. Oh, okay. So you were -- you were actually
 3 looking at a different dealer that Mr. Gracz had asked
 4 you to look at?
 5 A. Correct.
 6 Q. And in the course of that, you came across
 7 Reagor-Dykes data?
 8 A. Correct.
 9 Q. Okay. All right. And was the report that
 10 you're looking at -- that you were looking at, at that
 11 time on Reagor-Dykes -- was it Exhibit No. 4?
 12 I think these are in order. These are the
 13 exhibits so far. And there's a -- there's a report,
 14 Exhibit 4, attached to this e-mail, is an audit report.
 15 A. What was your question?
 16 Q. Is that the audit report that you were looking
 17 at that caused you to say, I think we ought to look
 18 further at this?
 19 A. No.
 20 Q. Okay. What was it you were seeing?
 21 A. I used a different set of data that we have to
 22 identify this dealer.
 23 Q. Okay. And what was that different set of
 24 data?
 25 A. It's called the RDR, registration data report.

Page 14

1 Q. Okay. And what does that report show?
 2 A. It shows dealers that have floor plan vehicles
 3 that could be sold according to public sources.
 4 Q. That are available for sale or that they're
 5 already sold?
 6 A. Correct.
 7 Q. All right.
 8 A. Floor plan and then potentially registered or
 9 titled after flooring.
 10 Q. All right. In somebody else's name?
 11 A. Yes.
 12 Q. All right. All right. So this would be a
 13 title -- Joe Jones has title to a vehicle that you have
 14 floor-planned?
 15 A. Yes.
 16 Q. All right. So what do you do when you find
 17 that out, that Joe Jones has the title? What do you do?
 18 A. The initial report just would tell us how many
 19 vehicles and what the VINs were.
 20 Q. Okay. So there's a certain number of vehicles
 21 that were floor-planned by Ford Motor Credit with
 22 Reagor-Dykes, and now those vehicles are owned by
 23 somebody else?
 24 A. Yes.
 25 Q. All right. And what -- what was the number or

Page 15

1 percentage or degree that raised your eyebrows or caused
 2 you to become more interested in the Reagor-Dykes?
 3 MR. LESLIE: Objection; compound.
 4 You can answer.
 5 THE WITNESS: Go ahead?
 6 A. It was a percentage.
 7 Q. (BY MR. MULLIN) Okay. And what -- do you
 8 remember what the percentage was?
 9 A. It was over 8 percent.
 10 Q. 9 percent.
 11 So was it 8 percent of the total floor
 12 plan was titled in somebody else's name, or was it 8
 13 percent of what?
 14 A. 8 percent of the vehicles on the RDR report
 15 out of the dealer's total floor plan amount.
 16 Q. Okay. So out of Reagor Dykes' total floor
 17 plan amount with Ford Motor Credit, more than 8 percent
 18 were titled in the name of someone other than
 19 Reagor-Dykes?
 20 MR. LESLIE: Objection; form.
 21 Q. (BY MR. MULLIN) True?
 22 MR. LESLIE: You can answer.
 23 A. Yes.
 24 Q. (BY MR. MULLIN) All right. And so you were
 25 looking at the registration data report on Reagor-Dykes

Page 16

1 as part of your analysis of another dealership?
 2 A. Yes.
 3 Q. Okay. And in seeing this 8 percent then, did
 4 you call that to the attention of Mr. Gracz?
 5 A. Once my analysis was complete, yes.
 6 Q. Okay.
 7 A. And I just want to be clear. The 8 percent
 8 was on one location.
 9 Q. So -- but let's be clear about that. Is it 8
 10 percent of the total floored at that one location, or is
 11 it 8 percent of the entire universe?
 12 A. 8 percent of that location.
 13 Q. Okay.
 14 A. Apples to apples.
 15 Q. Okay. Apples to apples.
 16 And so did you look at the other locations
 17 before you called Mr. Gracz, or did you just -- after
 18 you looked at that one location, you called Mr. Gracz?
 19 A. I looked at all of them first.
 20 Q. Okay. And what did you find after you looked
 21 at all of the locations?
 22 A. The total was 150 vehicles on all their
 23 locations.
 24 Q. Okay. And what percentage did that
 25 constitute?

Page 17

1 A. I don't -- I don't know the percent.
 2 Q. Okay. But there were 150 vehicles that were
 3 registered to people or entities other than Reagor-Dykes
 4 that were floor-planned with Ford Motor Credit?
 5 A. Yes.
 6 Q. And was that -- was the as-of date what date?
 7 A. It was late June.
 8 Q. Okay. All right. So you didn't actually ever
 9 look at the -- the AiM -- the audit report that had been
 10 done on June 28th?
 11 A. After, I did.
 12 Q. After you had done --
 13 A. Yes.
 14 Q. -- the other? Okay.
 15 So you called Mr. Gracz after you had
 16 found the 150 vehicles. And what did you tell him?
 17 A. I explained 147 of those had different sold
 18 and registration information than what was provided on
 19 that prior June audit.
 20 Q. Okay. Okay. So at the time you called
 21 Mr. Gracz, you had looked at the audit that's Exhibit 4?
 22 A. Yes.
 23 MR. LESLIE: Objection; form.
 24 Q. (BY MR. MULLIN) And at the time -- I'm
 25 talking about the time when you reported to Mr. Gracz

Page 19

1 could be a potential issue with this particular dealer.
 2 Q. Okay. Did you think the 147 vehicles with
 3 having different sales dates for the public records
 4 versus the information that had been provided to the
 5 dealership was a red flag that there might be some kind
 6 of a fraud?
 7 MR. LESLIE: Objection to form.
 8 A. It was an anomaly. Either the auditors had
 9 incorrect data or the dealer provided incorrect data.
 10 Q. (BY MR. MULLIN) Okay. And when you looked at
 11 the audit of June 28th, 2018, if you'll turn -- turn
 12 with me to page -- the last page of Exhibit 4, did you
 13 notice that for one of the lots, the last one listed,
 14 Reagor-Dykes Chevrolet, there were 225 units with a
 15 floor plan balance of \$9.4 million that had -- were
 16 listed as being sold and not -- funds not due as of the
 17 date of the audit?
 18 MR. LESLIE: Objection to form and
 19 relevance.
 20 Do you understand the question?
 21 THE WITNESS: No.
 22 Q. (BY MR. MULLIN) Okay. Did you -- when you
 23 looked at this audit that had been performed -- the
 24 summary audit that had been performed June 28th, 2018,
 25 did you notice that the -- the auditors had found that

Page 18

1 the -- about the 147 vehicles, you had already looked at
 2 the audit that's attached to Exhibit 4?
 3 MR. LESLIE: Objection. If you want to
 4 excuse the witness, I can explain to you that objection.
 5 MR. MULLIN: I don't need -- I don't
 6 really need it.
 7 MR. LESLIE: Objection; foundation and
 8 form.
 9 Q. (BY MR. MULLIN) Go ahead. You can answer.
 10 A. Repeat the question.
 11 Q. The question is: I'm talking about when you
 12 called Mr. Gracz to tell him about the 147 vehicles that
 13 had different sale dates than the dates of sale that had
 14 been reported to you by the dealership, you -- you had
 15 already look at the June 28th, 2018, audit report that's
 16 marked as Exhibit 4?
 17 MR. LESLIE: Objection; form.
 18 A. Yeah.
 19 MR. LESLIE: And foundation.
 20 You can answer.
 21 A. Yes.
 22 Q. (BY MR. MULLIN) All right. And can you tell
 23 me what you said to Mr. Gracz in that call or the gist
 24 of it?
 25 A. I -- I told him that it looked like there

Page 20

1 at the Reagor-Dykes Chevrolet store, which is in
 2 Floydada, Texas, there were reported to be 225 vehicles
 3 having an amount -- floor plan amount of \$9,401,000 that
 4 had been sold and for which Ford had not yet been paid?
 5 A. I did see that.
 6 Q. Okay. Did -- were you aware that that was --
 7 the 225 vehicles and \$9.4 million would be virtually the
 8 entire inventory of the Floydada lot?
 9 MR. LESLIE: Objection. What relevance
 10 does that have to the hearing tomorrow?
 11 MR. MULLIN: Well, it goes to the
 12 question of what the inventory is.
 13 MR. LESLIE: Well, objection beyond the
 14 scope of tomorrow's hearing. Instruct you not to
 15 answer. The document speaks for itself.
 16 MR. MULLIN: That's so ridiculous. These
 17 objections are so utterly ridiculous.
 18 MR. LESLIE: I object to the sidebar.
 19 MR. MULLIN: It's not a sidebar.
 20 MR. LESLIE: I've stated my objection,
 21 Counselor. Move on.
 22 MR. MULLIN: You've instructed the
 23 witness not to answer, which is thoroughly
 24 inappropriate. And there's no reason to drag this
 25 witness back here for another deposition when he could

Page 21

1 easily answer the question. It's just being done
2 through a rase and to avoid reaching any of the issues
3 in the case.

4 MR. LESLIE: I'll object and move to
5 strike the sidebar.

6 MR. MULLIN: It's not sidebar. I'm --
7 it's for the Judge.

8 Q. (BY MR. MULLIN) So are you going to follow
9 counsel's instructions and refuse to answer?

10 A. Yes, I am.

11 Q. Okay. Would it be, in your experience, a red
12 flag of fraud if the dealer was reporting that it had
13 sold substantially the entire inventory of its lot -- of
14 one of its lots in the last seven business days?

15 MR. LESLIE: Objection, beyond the scope.
16 Instruct the witness not to answer.

17 A. I'm not going to answer.

18 Q. (BY MR. MULLIN) Okay. So what did
19 Mr. Gracz -- how did Mr. Gracz respond to your report?

20 A. They agreed with the emergency audit that I
21 recommended.

22 Q. And the emergency audit was going to consist
23 of what?

24 A. Normal audit that we do at the dealership, but
25 verification of all vehicles that weren't seen.

Page 22

1 Q. Okay.

2 A. And also any flooring requests would be
3 touched also.

4 Q. Any what?

5 A. Flooring --

6 Q. Flooring.

7 A. Vehicle flooring requests.

8 Q. Okay. Okay. And the -- did you discuss the
9 emergency audit with Mr. Byrd and Mr. Leal?

10 A. Yes.

11 Q. Okay. Did you attend the emergency audit?

12 A. No.

13 Q. Okay. Did you help structure it?

14 A. No.

15 Q. What was your role with respect to it other
16 than recommending it?

17 A. I -- when the audit was going on, I was
18 collecting data on missing units.

19 Q. Okay. Tell me what that means.

20 A. When they conduct an audit, the first run
21 through, not all vehicles will be seen at the
22 dealership. And that's normal. In this case, there was
23 1470 missing units. So I got -- started working on
24 looking up the information on all those vehicles.

25 Q. 1470?

Page 23

1 A. Yes.

2 Q. And so you were looking to see when those
3 vehicles had been sold?

4 A. Correct.

5 Q. And what did you determine?

6 A. A substantial number of those were sold --
7 appeared to be sold.

8 Q. Okay. Per the DMV records?

9 A. Yes, and Fast Data.

10 Q. And did you have any further involvement with
11 the emergency audit?

12 A. Continued analysis on the data.

13 Q. Okay. What kind of analysis did you do?

14 A. Looking up, you know, all the -- 1470 records
15 takes a long time to manually look up and do. So that
16 analysis took several days.

17 Q. Where were you looking to get that
18 information?

19 A. From the Texas DMV and from Fast Data and
20 dealers' records.

21 Q. Okay. What's Fast Data?

22 A. It's an online tool that uses public
23 information to pull back information on -- by VINs on
24 vehicles that are registered and sold.

25 Q. Okay. All right. And when you completed that

Page 24

1 analysis, did you come to any other conclusions except
2 the information about the -- other than the information
3 about the 1470 missing units?

4 A. Yes. It appeared that the vehicles were
5 floor-planned after they were titled to an individual
6 with a lien from a financial institution.

7 Q. Okay. So you're telling me that the vehicle
8 is sold to Joe Jones. Joe Jones gets a loan to buy the
9 vehicle from Lubbock Bank. And then the vehicle is
10 again floor-planned while it's owned by Joe Jones?

11 A. Yes.

12 Q. So the dealership doesn't own it anymore, but
13 it's being floor-planned?

14 A. Correct.

15 Q. Okay. And what was the volume of those
16 instances?

17 A. I don't recall a number, but it was a lot.

18 Q. Okay. Was it -- are we talking --

19 A. Hundreds.

20 Q. Hundreds of vehicles?

21 A. Yes.

22 Q. Did you have any other conclusions?

23 A. Vehicles appeared to be floored two times.

24 Q. Okay. And tell me what you found on that.

25 A. It was -- there's a report that shows

Page 25

1 duplicate flooring within Ford Credit. And this dealer
 2 had, I want to say, 15 or so on the report that looked
 3 like they were floored on two locations at the same
 4 time.
 5 Q. Okay. 15 vehicles?
 6 A. Yes.
 7 Q. Okay. And then what else did you conclude?
 8 A. Potentially it appeared that they've floored
 9 vehicles that they did not have in inventory.
 10 Q. Okay. And that would be -- well, the first
 11 thing you told me about with the vehicles that were
 12 titled in someone else's name, is that the same thing
 13 or --
 14 A. That is similar.
 15 Q. Okay. Okay. All right. Any other
 16 conclusions that you recall?
 17 A. The other thing -- the only other possibility
 18 I could see with the vehicles being titled and floored
 19 would be a quick trade-in from a customer.
 20 Q. And what do you mean by that?
 21 A. If they got a vehicle and for whatever reason
 22 didn't like it and brought it back, very -- you know,
 23 might happen one or two times, but not to this extent --
 24 Q. Yeah.
 25 A. -- just in a general -- in a dealership -- any

Page 26

1 dealership in general.
 2 Q. Okay.
 3 A. So that data was different.
 4 Q. Did you write up your conclusions in some kind
 5 of report?
 6 A. There was -- there's a summary report of the
 7 initial findings. I did not write up one after this
 8 emergency audit.
 9 Q. Okay. Okay. So you did make a report of your
 10 initial findings?
 11 A. The initial --
 12 Q. The 147 --
 13 A. June --
 14 Q. Yeah.
 15 A. The June -- yes.
 16 Q. Okay. But you didn't do a written report
 17 after the July audit?
 18 A. No. That's the auditing team to do that.
 19 Q. Okay. Okay. All right. Did you communicate
 20 any of your findings to anybody at Reagor-Dykes?
 21 A. No.
 22 Q. Did you communicate your findings internally
 23 in Ford Motor Credit?
 24 A. Yes.
 25 Q. To whom?

Page 27

1 A. The -- the -- the preaudit or the day of the
 2 audit, the July --
 3 Q. Well --
 4 A. -- or the June?
 5 Q. Well, the preaudit first, who did you tell
 6 about the June -- your evaluation of the June findings?
 7 A. That would be the same people that we talked
 8 about earlier, Steve Gracz, Rene Leal, Gary Byrd, and I
 9 believe Paul Boudreau.
 10 Q. Did you talk with Gwen Schmucker?
 11 A. No.
 12 Q. And then in the -- connection with the
 13 emergency audit, to whom did you communicate your
 14 findings?
 15 A. After the audit, I don't communicate the audit
 16 results. I just recommend it, and they approved it.
 17 Q. Okay. But the things you just told me about,
 18 the double-flooring, who did you tell about that, the --
 19 the double-flooring and the vehicles that were titled in
 20 somebody else's name and were being floored?
 21 A. That's in the actual audit report --
 22 Q. Okay.
 23 A. -- that the audit team completes.
 24 Q. Okay. But you didn't make some oral --
 25 separate oral report, I guess, is what I'm getting at?

Page 28

1 A. I might have told people it looked like
 2 vehicles could have been double-floored.
 3 Q. Uh-huh. Okay. Who would you have told?
 4 A. That would have -- probably -- it might have
 5 been Paul Boudreau potentially or Gary Byrd.
 6 Q. Okay. Okay. Did you ever come down here to
 7 Lubbock to -- to work on the audit at all?
 8 A. No. I just got here Tuesday at 2 a.m.
 9 Q. All right. Glad to have you here.
 10 Okay. Did you have anymore involvement
 11 with Reagor-Dykes -- any Reagor-Dykes matters after
 12 you -- after the completion of the emergency audit?
 13 A. No.
 14 Q. Okay. And to today's date, you haven't been
 15 involved at all in trying to analyze anything further on
 16 the case?
 17 A. Continue analyzing data, yes.
 18 Q. Okay.
 19 A. The data analysis will be ongoing for a while
 20 because the project is ongoing.
 21 Q. Okay. What are you working towards? What are
 22 you trying to do?
 23 MR. LESLIE: Objection to the extent it
 24 calls for attorney-client privilege and direct the
 25 witness not to answer.

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1 A. I won't answer.

2 MR. MULLIN: You can't tell me what --
3 what he's currently working on that relates in this
4 case?

5 MR. LESLIE: Does -- my understanding is
6 it doesn't relate to this case.

7 Q. (BY MR. MULLIN) Well, does it relate to
8 Reagor-Dykes? I mean, I know you still have a job to
9 do. But I'm talking about Reagor-Dykes.

10 A. It's all the dealers in the United States I'm
11 looking into.

12 Q. Well, can you at least tell me what generally
13 you're trying to find?

14 MR. LESLIE: Objection; calls for
15 material -- information that's subject to the
16 attorney-client privilege and direct him not to answer.

17 A. I'm not going to answer.

18 Q. (BY MR. MULLIN) Does the work you're
19 currently doing include Reagor-Dykes?

20 A. Yes.

21 Q. Okay. Does it include Reagor-Dykes inventory
22 of vehicles?

23 A. Yeah. Yes.

24 MR. MULLIN: Let's take a little break.

25 (Break from 4:31 p.m. to 4:35 p.m.)

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1 Q. (BY MR. MULLIN) Let me show you Exhibit
2 No. 11.

3 (Exhibit 11 marked.)

4 Q. Have you seen that document before?

5 A. I created this.

6 Q. Okay. And so this was created as part of your
7 work at Ford Motor Credit?

8 A. Yes.

9 Q. And what's it titled?

10 A. "Registration Data Report Audit Trigger
11 Reporting Enhancement Black Belt Project 73597."

12 Q. And what was Black Belt Project 73597?

13 A. That's the Registration Data Report Audit
14 Trigger Report Enhancement Project.

15 Q. All right.

16 A. That is the reference to that. Every project
17 has a reference number.

18 Q. All right. And is this a report that you were
19 telling us about earlier when you were talking about
20 the -- the 147 vehicles? Or is this a different report?

21 A. No, this is the one.

22 Q. All right. And did this report include your
23 analysis of the June 28th, 2018, audit that we were
24 looking at, Exhibit No. 4?

25 A. Yes.

Page 31

1 Q. And I'm going to come around behind because I
2 don't have an extra copy. But if I'm bugging you by
3 coming around, tell me.

4 A. You're fine.

5 Q. The -- what's your second bullet point that
6 you comment about the audit, Exhibit No. 4?

7 MR. LESLIE: Objection to form.

8 Q. (BY MR. MULLIN) You can answer what your
9 second bullet point is.

10 A. "The audit indicates extremely high ratio of
11 sold and not due versus paid to the business center at
12 3,037 times." And it's \$9,401,090 divided by \$3,075.

13 Q. Okay. And why do you characterize that as
14 extremely high?

15 A. It's a huge percentage.

16 Q. And what percentage is it?

17 A. 3,037 times.

18 Q. Yeah. Okay.

19 And in -- the figures on the sold not due
20 would be -- oh, my gosh. I'm sorry. This typeface is
21 so small. I'm sorry. I'm really having trouble reading
22 it. I'm sorry.

23 Where would the sold not due numbers be
24 on -- it's -- it's not on this page, but it's on a
25 different page, I think. I saw it. Let me see if I can

Page 32

1 find it.

2 Okay. Well, that's in the -- it's in this
3 report that we were looking at, right? The sold not due
4 is on the last page of Exhibit 4?

5 MR. LESLIE: Object to form.

6 Q. (BY MR. MULLIN) That's where the sold not due
7 number comes from, correct?

8 A. Yes, that -- yeah.

9 Q. Okay. All right. Which includes -- in other
10 words, it includes the -- the 225 vehicles at the -- the
11 Chevy lot in Floydada?

12 A. This would include all the vehicles --

13 Q. Yeah.

14 A. -- for the whole group

15 Q. Including those 225 though?

16 A. Correct.

17 Q. All right.

18 MR. MULLIN: I'll pass the witness.

19 EXAMINATION

20 BY MR. BUSTOS:

21 Q. Good afternoon, sir. Mr. Conlan, my name is
22 Fernando Bustos, and I represent Vista Bank.

23 A. Okay.

24 Q. I have a few questions for you.

25 Where do you office out of again? What

Page 33

1 city?

2 A. Greenville, South Carolina.

3 Q. And in your analysis that you performed for

4 Ford Credit, you did not look at any lien issues in

5 terms of what other creditors may have liens on vehicles

6 that Ford considered as collateral, correct?

7 A. Correct. My data just showed whatever lien

8 was listed in the public data.

9 Q. All right. That was my assumption. I just

10 wanted to confirm.

11 A. Yes.

12 MR. BUSTOS: I'll pass the witness.

13 EXAMINATION

14 BY MR. STROHSCHN: I

15 Q. Mr. Conlan, my name is Steve Strohschein. I

16 represent GM Financial.

17 I was trying to understand a little bit

18 about the history of -- you mentioned your first run-in

19 with Reagor-Dykes was with regard to -- you found an 8

20 percent variance on one dealership on the registration

21 data. Is that -- you talked about an 8 percent

22 variance.

23 A. Correct.

24 Q. As you dug further, you found 150 units that

25 the registration data was off on. Is that fair?

Page 34

1 A. On all their stores.

2 Q. On all their stores, the 150?

3 A. Correct.

4 Q. And then, subsequently, you found a 1400

5 number as you dug even deeper?

6 A. 150 is on the June report. The 1470 is on the

7 July emergency audit.

8 Q. Okay. So looking at -- you're looking at a

9 smaller inventory list from the June report that only

10 turned up 150?

11 A. Correct.

12 Q. And the 1400 is when you were looking at the

13 entire floor plan inventory of all stores. Is --

14 A. The day of the audit.

15 Q. The day of the audit.

16 So that's why you generated a much larger

17 number?

18 A. Correct.

19 Q. Because I was trying to figure out why your

20 initial analysis didn't turn up the 1400 as opposed to

21 the 150. And that's because you were starting with a

22 smaller data set of vehicles. Is that fair?

23 A. The 150 was on a report that we have. The

24 1470 was a physical audit that we did.

25 Q. Yeah. So --

Page 35

1 A. And it's a sample that I used -- you know,

2 obviously, that's a sample. The sample on the report

3 was not all the vehicles. Not all the vehicles

4 triggered on this report. Only 150 vehicles triggered

5 on the report.

6 Q. Yeah. Out of the June audit, which was --

7 which was reporting sold units at that -- as of that

8 date?

9 A. Right.

10 Q. So it was 150 out of the sold units on the

11 June audit versus the 1400 is out of everything on the

12 floor plan?

13 A. Right.

14 Q. Okay. Thank you. No other questions.

15 A. Uh-huh.

16 MR. CARDER: Reserve.

17 MR. LASHAWAY: Reserve.

18 EXAMINATION

19 BY MR. MASSOUH:

20 Q. I'm going to apologize. My name is John

21 Massouh for First Capital Bank. I missed the very

22 beginning of your deposition.

23 You're what they refer to as Black Belt,

24 correct?

25 A. That's correct.

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1 Q. Okay. Can you explain that to me?

2 A. Six Sigma Black Belt uses -- it's a

3 data-driven approach to eliminate defects in any

4 process. So we use data versus opinion or theory, and

5 we let the data -- the thing that we say is, the data

6 will set you free. The data speaks for itself.

7 Q. And you're a Six Sigma Black Belt certified

8 person?

9 A. Correct.

10 Q. And --

11 A. There was a certification.

12 Q. And when did you become certified?

13 A. 2007.

14 Q. How long has Ford Motor Company had access to

15 the Black Belt data thing you just described?

16 MR. LESLIE: Hold on a sec. Could you

17 read that one back?

18 MR. MASSOUH: Did I say Ford Motor --

19 what did I say?

20 MR. LESLIE: I think you said Ford Motor

21 Company.

22 Q. (BY MR. MASSOUH) Ford Motor Credit. Sorry.

23 A. How long has Six Sigma been in use?

24 Q. Yes, sir.

25 A. Maybe 15 years.

Page 37

1 MR. MASSOUH: Pass the witness.
 2 MR. MULLIN: I don't have anything
 3 further.
 4 MR. LESLIE: Okay. Subject to being --
 5 reserve with respect to other topics. We're done with
 6 the witness for today.
 7 (Deposition concluded at 4:44 p.m.)
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Page 39

1 I, JAMES CONLAN, have read the foregoing
 2 deposition and hereby affix my signature that same is
 3 true and correct, except as noted above.
 4
 5 JAMES CONLAN
 6
 7 THE STATE OF _____
 8 COUNTY OF _____
 9
 10 Before me, _____, on this day
 11 personally appeared JAMES CONLAN, known to me (or proved
 12 to me under oath or through _____)
 13 (description of identity card or other document)) to be
 14 the person whose name is subscribed to the foregoing
 15 instrument and acknowledged to me that they executed the
 16 same for the purposes and consideration therein
 17 expressed.
 18 Given under my hand and seal of office this
 19 _____ day of _____,
 20
 21
 22
 23
 24
 25

NOTARY PUBLIC IN AND FOR
 THE STATE OF _____
 COMMISSION EXPIRES: _____

Page 38

1 CHANGES AND SIGNATURE
 2 WITNESS NAME: JAMES CONLAN
 3 DATE OF DEPOSITION: AUGUST 15, 2018
 4 PAGE LINE CHANGE REASON
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Page 40

1 IN THE UNITED STATES BANKRUPTCY COURT
 2 FOR THE NORTHERN DISTRICT OF TEXAS
 3 LUBBOCK DIVISION
 4 IN RE: _____)
 5 REAGOR-DYKES MOTORS, LP,)Case No. 18-50214-rjl)
 6 Debtor.)
 7 IN RE: _____)
 8 REAGOR-DYKES IMPORTS, LP,)Case No. 18-50215-rjl)
 9 Debtor.)
 10 IN RE: _____)
 11 REAGOR-DYKES AMARILLO, LP,)Case No. 18-50216-rjl)
 12 Debtor.)
 13 IN RE: _____)
 14 REAGOR-DYKES AUTO COMPANY,)
 15 LP,)Case No. 18-50217-rjl)
 16 Debtor.)
 17 IN RE: _____)
 18 REAGOR-DYKES PLAINVIEW, LP,)Case No. 18-50218-rjl)
 19 Debtor.)
 20 IN RE: _____)
 21 REAGOR-DYKES FLOYDADA, LP,)Case No. 18-50219-rjl)
 22 Debtor.)
 23
 24
 25

Page 41

REPORTER'S CERTIFICATION
DEPOSITION OF JAMES CONLAN
AUGUST 15, 2018

I, Kailee Pereida, CSR No. 8398, Certified
Shorthand Reporter in and for the State of Texas, hereby
certify to the following:

That the foregoing proceedings were taken before me
at the time and place therein set forth, at which time
the witness was put under oath by me;

That the testimony of the witness, the questions
propounded, and all objections and statements made at
the time of the examination were recorded
stenographically by me and were thereafter transcribed;

That a review of the transcript by the deponent was
requested;

That § _____ is the deposition officer's
charges to Mr. David Mullin, Attorney for Debtors, for
preparing the original deposition transcript and any
copies of exhibits;

That the foregoing is a true and correct transcript
of my shorthand notes so taken.

I further certify that I am not a relative or
employee of any attorney of the parties, nor financially
interested in the action.

I declare under penalty of perjury under the laws
of Texas that the foregoing is true and correct.

Dated this 15th day of August, 2018.

Kailee Pereida, Texas CSR 8398
Expiration Date: December 31, 2019
Caprock Court Reporting, Inc.
Firm Certificate Number: 374
1112 Texas, Suite 200
Lubbock, Texas 79401
(806) 795-4202

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:

REAGOR-DYKES MOTORS, LP,)
Debtor.) Case No. 18-50214-rlj11

IN RE:

REAGOR-DYKES IMPORTS, LP,)
Debtor.) Case No. 18-50215-rlj11

IN RE:

REAGOR-DYKES AMARILLO, LP,)
Debtor.) Case No. 18-50216-rlj11

IN RE:

REAGOR-DYKES AUTO COMPANY,)
LP,) Case No. 18-50217-rlj11
Debtor.)

IN RE:

REAGOR-DYKES PLAINVIEW, LP,)
Debtor.) Case No. 18-50218-rlj11

IN RE:

REAGOR-DYKES FLOYDADA, LP,)
Debtor.) Case No. 18-50219-rlj11

CORRECTION PAGES

1
2 ORAL DEPOSITION OF

3 JAMES CONLAN

4 AUGUST 15, 2018

5 Volume 1
6

7 ORAL DEPOSITION OF JAMES CONLAN, produced as a
8 witness at the instance of the DEBTOR, and duly sworn,
9 was taken in the above-styled and numbered cause on
10 AUGUST 15, 2018, from 4:00 p.m. to 4:44 p.m., before
11 Kailae Pereida, CSR in and for the State of Texas,
12 reported by machine shorthand, at the law offices of
13 Mullin, Hoard & Brown, L.L.P., 1500 Broadway, Suite 700,
14 Lubbock, Texas, pursuant to the Federal Rules of Civil
15 Procedure.
16
17
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22
23
24
25

1 A P P E A R A N C E S

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Tulsa, Oklahoma 74103
25 (918) 595-4828

1 CHANGES AND SIGNATURE

2 WITNESS NAME: JAMES CONLAN

3 DATE OF DEPOSITION: AUGUST 15, 2018

4 PAGE LINE CHANGE REASON

5 12 15 ^{CHANGE} CONSUMER TO COMMERCIAL

6 REASON-STEUB'S CORRECT JOB TITLE

7
8 27 10 ^{CHANGE} (GIVEN) SCHMUCKER WAS9 ON A CONFERENCE CALL ON
10 7-23-18 BUT DID NOT SPEAK

11 ALSO ON THE CALL WAS

12 EMPLOYEES FROM THE WASHVILLE
13 BUSINESS CENTER AND QUALITY14 ASSURANCE SUPERVISOR FROM THE
15 GREENVILLE BUSINESS CENTER.16 STEUB GRACE AND PAUL BOURGAIN
17 WERE NOT ON THIS CONFERENCE CALL -

18 I ALSO REVIEWED MY FINDINGS

19 WITH MY SUPERVISOR AND HIS

20 SUPERVISOR PRIOR TO THIS HEARING.

21 REASON - REVIEWED WHO WAS AT THE
22 CONFERENCE CALL.

23

24

25

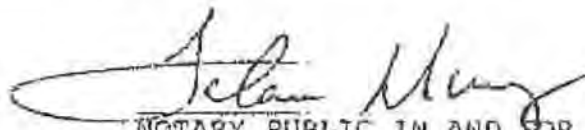
1 I, JAMES CONLAN, have read the foregoing
2 deposition and hereby affix my signature that same is
3 true and correct, except as noted above.

4
5 
6 JAMES CONLAN

7 THE STATE OF SC
8 COUNTY OF Greenville

9 Before me, James Conlan, on this day
10 personally appeared JAMES CONLAN, known to me (or proved
11 to me under oath or through Driver License)
12 (description of identity card or other document)) to be
the person whose name is subscribed to the foregoing
instrument and acknowledged to me that they executed the
same for the purposes and consideration therein
expressed.

13 Given under my hand and seal of office this
14 29th day of August, 2018.

15 
16 NOTARY PUBLIC IN AND FOR
17 THE STATE OF South Carolina
18 COMMISSION EXPIRES: 6/14/2019



Palana Murray
NOTARY PUBLIC
State of South Carolina
My Commission Expires
June 4, 2019

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE;

REAGOR-DYKES MOTORS, LP,)
Debtor.) Case No. 18-50214-rlj11

IN RE;

REAGOR-DYKES IMPORTS, LP,)
Debtor.) Case No. 18-50215-rlj11

IN RE;

REAGOR-DYKES AMARILLO, LP,)
Debtor.) Case No. 18-50216-rlj11

IN RE;

REAGOR-DYKES AUTO COMPANY,)
LP,) Case No. 18-50217-rlj11
Debtor.)

IN RE;

REAGOR-DYKES PLAINVIEW, LP,)
Debtor.) Case No. 18-50218-rlj11

IN RE;

REAGOR-DYKES FLOYDADA, LP,)
Debtor.) Case No. 18-50219-rlj11

REPORTER'S CERTIFICATION
DEPOSITION OF JAMES CONLAN
AUGUST 15, 2018

I, Kailee Pereida, CSR No. 8398, Certified
Shorthand Reporter in and for the State of Texas, hereby
certify to the following:

That the foregoing proceedings were taken before me
at the time and place therein set forth, at which time
the witness was put under oath by me;

That the testimony of the witness, the questions
propounded, and all objections and statements made at
the time of the examination were recorded
stenographically by me and were thereafter transcribed;

That a review of the transcript by the deponent was
requested;

That \$ 692.60 is the deposition officer's
charges to Mr. David Mullin, Attorney for Debtors, for
preparing the original deposition transcript and any
copies of exhibits;

That the foregoing is a true and correct transcript
of my shorthand notes so taken.

I further certify that I am not a relative or
employee of any attorney of the parties, nor financially
interested in the action.

I declare under penalty of perjury under the laws
of Texas that the foregoing is true and correct.

Dated this 15th day of August, 2018.

Kailee Pereida

Kailee Pereida, Texas CSR 8398
Expiration Date: December 31, 2019

Caprock Court Reporting, Inc.
Firm Certificate Number: 374
1112 Texas, Suite 200
Lubbock, Texas 79401
(806) 795-4202

Page 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:)
REAGOR-DYKES MOTORS, LP,)Case No. 18-50214-rjl |
Debtor.)

IN RE:)
REAGOR-DYKES IMPORTS, LP,)Case No. 18-50215-rjl |
Debtor.)

IN RE:)
REAGOR-DYKES AMARILLO, LP,)Case No. 18-50216-rjl |
Debtor.)

IN RE:)
REAGOR-DYKES AUTO COMPANY,)
LP,)Case No. 18-50217-rjl |
Debtor.)

IN RE:)
REAGOR-DYKES PLAINVIEW, LP,)Case No. 18-50218-rjl |
Debtor.)

IN RE:)
REAGOR-DYKES FLOYDADA, LP,)Case No. 18-50219-rjl |
Debtor.)

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ORAL DEPOSITION OF
RENE LEAL
AUGUST 15, 2018
Volume I

ORAL DEPOSITION OF RENE LEAL, produced as a witness
at the instance of the DEBTOR, and duly sworn, was taken
in the above-styled and numbered cause on AUGUST 15,
2018, from 2:23 p.m. to 3:42 p.m., before Kailee
Pereida, CSR in and for the State of Texas, reported by
machine shorthand, at the law offices of Mullin, Hoard &
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Page 4

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EXHIBIT

E

Page 5

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 14 (806) 771-0700
 15 david@hurleyguinn.com

ALSO PRESENT:

16 Mr. Mike Cannon
 17 Mr. Toby Cecil
 18 Mr. Rick Dykes
 19 Mr. Jonathan Hill
 20 Mr. Howie Ravitz
 21 Mr. Scott Wade
 22
 23
 24
 25

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INSTRUCTIONS FOR SIGNING A DEPOSITION

1 Rules of Civil Procedure under which this
 2 deposition was taken provide that the deposition
 3 transcript shall be made available to the witness or his
 4 attorney of record for examination and signature by the
 5 witness.

6 This deposition condensed transcript is provided
 7 for your review. It is yours to keep. Read it
 8 carefully before making any changes or corrections.
 9 Make transcript corrections on the Witness Signature
 10 Page.

11 Changes and/or corrections must be made in the
 12 following manner:

13 (1) Indicate by number the page and line you wish
 14 to alter;

15 (2) Indicate your change or correction;

16 (3) Give the reason for making the change.

17 When you have followed the instructions above, sign
 18 the Witness Signature Page before a Notary Public and
 19 return it as soon as possible.

20 When we have received the signed and notarized
 21 transcript, we will forward all attorneys of record a
 22 copy of the completed Witness Signature Page and deliver
 23 the original transcript to Mr. David Mullin for
 24 safekeeping and use at trial.

25 If you have any questions about this procedure,
 please call my office at (806) 795-4202.

Kailee Pereida, CSR
 Caprock Court Reporting, Inc.
 1112 Texas, Suite 200
 Lubbock, Texas 79401
 (806) 795-4202

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(Witness sworn by court reporter.)

RENE LEAL,

having been first duly sworn, testified as follows:

EXAMINATION

BY MR. MULLIN:

Q. Could you state your full name?

A. Rene Leal.

Q. Mr. Leal, have you ever given a deposition
before?A. Yes, but I believe it's been over 30 years,
so --Q. That's a while back. So as a little
refresher --

A. Yes.

Q. -- the court reporter is taking down my
questions, your answers. You're under oath. It'll be
printed up in a little book. And it can be read back at
a trial, hearing, or in connection with a motion in the
case.

A. Okay.

Q. Do you understand that?

A. Yes.

Q. So it's very important that you understand my
questions and that you can answer the questions I ask.

If at any time you don't understand the

Page 9

1 question, just go ahead and ask me to clarify it, okay?
 2 A. Okay.
 3 Q. And if you need a break, you can just ask for
 4 a break and take a break. I only ask that you answer
 5 whatever the pending question is before you break. Fair
 6 enough?
 7 A. Yes.
 8 Q. And I ask that you let me finish my question.
 9 I'll let you finish your answer.
 10 A. Okay.
 11 Q. And if I interrupt you, I want you to tell me.
 12 A. Okay.
 13 Q. And just stop me so that you can give your
 14 full answer.
 15 A. Okay.
 16 Q. What did you do to prepare for your
 17 deposition?
 18 A. The only thing I did was review the
 19 declaration.
 20 Q. Okay.
 21 MR. LESLIE: And meet with your counsel.
 22 A. And meet with my counsel.
 23 Q. (BY MR. MULLIN) And did you review any
 24 documents other than the declaration?
 25 A. No.

Page 10

1 Q. Okay.
 2 MR. MULLIN: Let's mark this as 9.
 3 (Exhibit 9 marked.)
 4 Q. (BY MR. MULLIN) Exhibit 9 is the notice of
 5 your deposition. Have you seen that before today?
 6 MR. LESLIE: Thank you.
 7 A. I'm -- this is the first time I've seen this.
 8 Q. (BY MR. MULLIN) Okay. Tell me what your job
 9 title is with Ford Motor Credit.
 10 A. It is financial services manager.
 11 Q. And what are the duties that you have as the
 12 financial service manager?
 13 A. Reviewing credit files for dealership lines of
 14 credit, in addition to working with the Nashville
 15 business center, the regional manager, and the BDM to
 16 address dealers that are in a loss position and/or have
 17 liquidity issues. In addition to that, working with the
 18 Nashville business center, regional manager, BDM,
 19 working with them together to try to resolve SOT and
 20 status situations with dealers.
 21 Q. Okay. What's the second one? SOT and --
 22 A. Status situations with dealers.
 23 Q. Okay. What would that mean?
 24 A. Basically a situation where a dealer is unable
 25 to pay us and so we've taken keys, MSO's, and we're

Page 11

1 basically working with the dealer to figure out next
 2 steps.
 3 Q. Okay. And how long have you been with Ford
 4 Motor Credit?
 5 A. It'll be 33 years this month.
 6 Q. And where are you stationed? Are you here in
 7 Lubbock?
 8 A. I'm in -- I'm in Plano, Texas --
 9 Q. Okay.
 10 A. -- regional office.
 11 Q. Did you have involvement with the Reagor-Dykes
 12 Auto Group?
 13 A. Can you be more specific?
 14 Q. Well, you said you reviewed credit files for
 15 dealers. Did you review the Reagor-Dykes Auto Group
 16 credit file?
 17 A. I would be in the review routing, yes.
 18 Q. Okay. Going back to the initiation of the
 19 line?
 20 A. Again, be more specific because there was
 21 different times where they had different lines.
 22 Q. Right. They had a -- since they got their
 23 Ford floor plan, were you involved in it, or was it some
 24 later time?
 25 A. It was probably a later time.

Page 12

1 Q. Okay. Did you review the Ford -- the
 2 Reagor-Dykes credit file, say, in 2017, 2016?
 3 A. 2016, I did.
 4 Q. All right. And how about 2017?
 5 A. 2017, there was a review completed in the
 6 fourth quarter; however, it was a -- what we call a risk
 7 rating review. And so what happens behind the scenes at
 8 the Nashville business center, they will look at current
 9 financial statements through a month in -- you know, in
 10 2017. And they'll compare that to the previous credit
 11 file that was done in 2016. And if there's no
 12 significant changes to the financial position of the
 13 dealership, the -- there's a risk rating where it
 14 passes. If there are significant, there will be a risk
 15 rating result that says it failed. If it fails, then
 16 the business center would then produce an entire credit
 17 file that would then have been routed through me and
 18 through other folks through -- in the company.
 19 Q. Okay. So with respect to Reagor-Dykes, so you
 20 would have looked at it in 2016?
 21 A. Correct.
 22 Q. But it passed in --
 23 A. It passed in twenty -- in 2017.
 24 Q. So you didn't look at it that year?
 25 A. I did not look at it in 2017.

Page 13

1 Q. Okay. And then in 2018, did you look at the
2 credit file?
3 A. It hasn't -- it hasn't been a year yet. So in
4 the -- I believe in the fourth quarter, it would be due
5 to be reviewed again.
6 Q. Okay. Do you know if Ford Motor Credit
7 received the audited financial statements of
8 Reagor-Dykes Auto Group?
9 A. Can you be more specific on which years?
10 Q. Well, let's look at the -- there's one here
11 that's an exhibit. This is the -- for year-end 2015.
12 So at some point in 2016, it would have been --
13 A. I would --
14 Q. -- issued.
15 A. I would say, yes, that we did receive that.
16 Q. Exhibit No. 7? Exhibit No. 7 is the
17 document --
18 A. Oh, I'm sorry.
19 Q. -- that you're --
20 A. Yes, Exhibit 7. Sorry.
21 Q. And did you have any interaction or
22 communication with the Reagor-Dykes Auto Group, let's
23 say, before the year 2018 where you were in
24 communication with people at the auto --
25 A. No.

Page 14

1 Q. -- group?
2 Were you one of the people who reviewed
3 the quarterly audits by Ford Motor Credit of
4 Reagor-Dykes Auto Group?
5 A. I would say that the process for reviewing any
6 audits is typically routed to the regional manager. And
7 the only time I would get results from an audit is if
8 there was an issue with the -- if the dealer had a high
9 percentage of payoff violations.
10 Q. What would a high percentage be?
11 A. Well, typically if we had a dealership that
12 had a percentage -- a high percentage of violations over
13 2 percent, then that -- typically, I would get notified.
14 I'd talk to the regional manager and -- yes.
15 Q. And what is the -- what is the violation? If
16 the payoff took place outside the seven days?
17 A. That's correct.
18 Q. Okay. All right. We looked at an audit
19 report this morning for -- and I don't know if you ever
20 saw it. I wanted to see if you ever saw this one.
21 Look at Exhibit No. 4. At the back,
22 there's an audit report. And there's some cover e-mail
23 there where it was forwarded by Gwen Schmucker.
24 A. Let me get my glasses on.
25 (Witness looks at document.)

Page 15

1 A. I don't recall getting this specific e-mail.
2 Q. Okay. Did you -- did anybody ever give you
3 the attached report, that audit report that's attached
4 that's separate and apart from the e-mail? Still
5 looking at Exhibit 4.
6 A. Oh, I'm sorry.
7 Q. Yeah. But the report attached --
8 A. Are you --
9 Q. Yeah, that report.
10 A. This report?
11 Q. There's two pages.
12 A. Okay. I don't -- again, I don't recall
13 getting this report.
14 Q. Okay. That's dated June 28th, 2018. Did
15 anybody ever inform you that there was a problem with
16 that audit report?
17 A. I believe on June 28th, I was on vacation for
18 the next week because my son was getting married. So
19 I'm familiar with the date. I don't -- I do remember
20 getting something when I got back, but it was more -- it
21 was probably more of a verbal of -- you know, of the
22 percentage of -- of -- percentage was high.
23 Q. Was high?
24 A. Yes.
25 Q. Okay. Just so we're looking at the same

Page 16

1 thing -- if you'd look at -- it's the third page of
2 Exhibit 4. But is it -- is it on that page where it
3 would reflect that the sold not paid was high or the
4 violations were high?
5 MR. LESLIE: I'm going to object to the
6 extent he's already testified he hasn't seen that report
7 before.
8 Q. (BY MR. MULLIN) You can still answer.
9 MR. LESLIE: If you have knowledge of --
10 repeat the question, please. I want to hear it before
11 he answers.
12 (Reporter reads back requested portion.)
13 MR. LESLIE: I'm just going to augment my
14 objection that I don't believe the foundation has been
15 established for the source of this actual page.
16 So you can answer if you understand.
17 A. Can you repeat it one more time? I'm sorry.
18 Q. (BY MR. MULLIN) Okay. All I'm trying to get
19 at is, you said after you got back from vacation,
20 somebody said the sold not paid percentages were high at
21 Reagor-Dykes. And I'm trying to determine if that is
22 reflected on the audit report itself.
23 A. No.
24 Q. Okay. The audit report itself does not
25 reflect that they're -- that the violations were high,

Page 17

1 correct?

2 MR. LESLIE: Objection; form. He said

3 sold not due, not violations.

4 A. Sold not due, correct.

5 Q. (BY MR. MULLIN) Well, does it reflect that

6 the sold not due is high? It's on the next page that it

7 addresses that.

8 Does the audit report reflect that the

9 sold not due is high?

10 A. It reflects the dollar amount is high.

11 Q. Okay. And is that -- is that what the

12 conversation was that you had when you got back?

13 A. I believe so.

14 Q. Okay. And that dollar amount is the

15 \$25 million?

16 A. I don't recall the exact dollar amount.

17 Q. But the report reflects \$25 million --

18 A. Yes.

19 Q. -- correct?

20 And do you know who it was that told you

21 that, that the -- that the sold not dues reflected in

22 the audit were high?

23 A. I don't recall specifically who told me that.

24 Q. And what did you do in response?

25 A. I believe I met with the regional manager.

Page 18

1 And the direction was that we would continue to audit

2 him on accelerated basis.

3 Q. Okay. And the regional manager was

4 Mr. Boudreau or -- or Mr. Dykes -- or excuse me --

5 Mr. Byrd?

6 A. Mr. Byrd.

7 Q. I'm sorry.

8 And -- so you and Mr. Byrd decided that

9 you would continue to audit Reagor-Dykes?

10 A. That's my recollection, yes.

11 Q. Okay. And that would be in the second week of

12 July 2018?

13 A. Yes. When I returned, yes.

14 Q. All right. And was there any involvement in

15 that decision from people higher up in the company;

16 Mr. Boudreau or anybody from Dearborn or anything like

17 that?

18 A. I don't -- I don't -- I don't recall, no.

19 Q. All right. Do you recall any involvement of

20 Black Belt in deciding to perform the audit on the 26th

21 and 27th of July?

22 A. I wasn't involved with the process, so I -- if

23 you can maybe re-clarify that.

24 Q. Okay. You said you and Mr. Byrd discussed

25 continuing to audit Reagor-Dykes, right?

Page 19

1 A. That's correct.

2 Q. Okay. And what did you do in furtherance

3 of -- of that plan?

4 A. We did nothing until we were invited to a

5 conference call by our -- the Black Belt to review some

6 data that he had wanted to review with us.

7 Q. Okay. And who was Black -- who was Black

8 Belt?

9 A. It's -- his name is Jim Conlan.

10 Q. Okay. And what did Mr. Conlan say to you?

11 A. He set up a conference call on Monday

12 morning -- I believe it was July 23rd -- and invited the

13 business center credit team, invited the regional

14 manager, Gary Byrd, myself, and reviewed a project that

15 he had been working on.

16 Q. Okay. Did Mr. Conlan tell you how he had come

17 to be working on Reagor-Dykes?

18 A. I believe -- or excuse me,

19 MR. LESLIE: Hold on a sec.

20 THE WITNESS: Yeah.

21 MR. LESLIE: How is that relevant to

22 tomorrow's hearing?

23 MR. MULLIN: Well, I think it's relevant

24 to the valuation of the collateral as to how we -- you

25 know, how Ford came to the conclusion that the

Page 20

1 collateral was needed to be further inspected.

2 MR. LESLIE: I don't believe it's

3 relevant how he was directed to do it. I'm going to

4 object. Direct you not to answer.

5 Q. (BY MR. MULLIN) Are you going to follow your

6 counsel's instructions?

7 A. Yes.

8 Q. So you were on a conference call on Monday,

9 the 23rd?

10 A. Yes, sir.

11 Q. And what was discussed in that conference

12 call?

13 A. Mr. Conlan reviewed some data from a project

14 that he had been working on that revealed -- he had a

15 sample size of about 150 vehicles that had been sold

16 from a prior audit in June of 2018. He compared sale

17 dates that were given to us by the dealership and

18 utilized DMV and some other resources to determine that

19 the sale dates that we were given by the Reagor-Dykes

20 organization were false and incorrect.

21 Q. And were the sales dates earlier than the

22 sales dates that were reflected in Ford's records?

23 MR. LESLIE: Objection to form.

24 But if you understand, you can answer.

25 A. Repeat just to make sure I'm --

Page 21

1 Q. (BY MR. MULLIN) Well, the sale -- the actual
 2 sales dates reflected in the DMV records --
 3 A. Correct.
 4 Q. -- were dates earlier than the dates that had
 5 been reported to Ford?
 6 A. That's correct.
 7 Q. And was the audit that Mr. Conlan was
 8 referring to the audit that's attached to Exhibit No. 4?
 9 A. It was the June 28th audit, if that's what
 10 this one is, yes.
 11 Q. Okay. Okay. And so based on that
 12 information, what did the three of you decide to do?
 13 A. You know, our immediate decision was we needed
 14 to re-audit the organization.
 15 Q. And how did you carry out that plan?
 16 A. We requested an audit through the Greenville
 17 business center, who is the business center that does
 18 all the coordinating of audits.
 19 Q. Was there a person you were dealing with?
 20 A. I don't -- I'm trying to think. I'm not sure.
 21 Typically, I would not get involved with that. It was
 22 arranged through the Nashville business center to the
 23 Greenville business center.
 24 Q. Okay. And tell me about how that audit was
 25 conducted.

Page 22

1 A. It was conducted similar to other audits where
 2 the soonest we could get out there was Thursday, is what
 3 it was scheduled for. And the only thing that we did
 4 differently for this audit, because we wanted to verify
 5 that -- if the same issue was occurring with the sales
 6 dates that had occurred on the June audit.
 7 So as the audit began, typically the --
 8 the AiM folks who complete the audits would -- were
 9 providing sales dates and copies of documents. Those
 10 were then sent to Jim Conlan, who was in the background
 11 running DMV's to verify if those dates were accurate
 12 based on the DMV and the other sources that he has.
 13 Q. Okay. And who were you dealing with at
 14 Reagor-Dykes?
 15 A. I wasn't dealing with anyone.
 16 Q. Okay. Was -- was Mr. Byrd dealing with
 17 Reagor-Dykes?
 18 A. Mr. Byrd was.
 19 Q. And who was he dealing with?
 20 A. I believe he was -- excuse me. My
 21 understanding is, is that he was meeting with the CFO.
 22 Q. Shane Smith?
 23 A. Shane Smith.
 24 Q. All right. But you did not meet with Shane
 25 Smith?

Page 23

1 A. No.
 2 Q. Did you -- did you ever have any conversations
 3 with Shane Smith?
 4 A. In the past, I have. He used to work for Ford
 5 Credit, so -- but it's -- it's been very rare since he
 6 left Ford Credit.
 7 Q. Okay. How long did he work for Ford Credit?
 8 MR. LESLIE: Objection. Don't answer.
 9 It's not relevant to tomorrow's hearing. I direct you
 10 not to answer.
 11 Q. (BY MR. MULLIN) Did you talk to Mr. Dykes or
 12 Mr. Reagor?
 13 A. No.
 14 Q. At any time?
 15 A. Can you rephrase the time?
 16 Q. Well, did you ever talk to Mr. Reagor or
 17 Mr. Dykes?
 18 A. I met Mr. Reagor, I believe, a few years ago
 19 at a dealer grassroots-type meeting in Dallas.
 20 Q. Other than that, any other conversations?
 21 A. No. No.
 22 Q. Any communications with Rick Dykes?
 23 A. Never met him.
 24 Q. Okay. Okay. Tell me about what happened
 25 during the audit of July 26th and 27.

Page 24

1 A. As a typical audit goes, we checked inventory,
 2 tried to figure out the missing units. From the missing
 3 units, we -- we did figure out -- again, from the AiM
 4 perspective, trying to figure out what vehicles had been
 5 sold and then from that point, checking sale dates and
 6 so forth.
 7 Q. Okay. What did you find?
 8 A. There was a large amount of vehicles that were
 9 missing. And during -- it was probably early -- early
 10 afternoon Friday, we had received data from -- from Jim
 11 Conlan that a lot of the sale dates that had been
 12 submitted to him were inaccurate, similar to what he
 13 found in the June audit.
 14 Q. And, again, the sale dates were earlier dates
 15 per the DMV than the dates that were provided to you by
 16 Mr. Smith?
 17 A. That's correct.
 18 Q. Was Ford's audit team looking at the actual
 19 underlying contracts? Or were you given a list of dates
 20 by Mr. Smith?
 21 A. I don't -- I wasn't there, so I don't know
 22 specifically what they looked at.
 23 Q. Okay. You didn't look at any contracts
 24 yourself?
 25 A. No.

Page 25

1 Q. And as a result of the audit, what did Ford
2 do?

3 MR. LESLIE: Objection to any extent that
4 this question or the question you asked goes into
5 matters that are protected by attorney-client privilege.

6 If you have non-privileged information to
7 share, you can answer that question.

8 Q. (BY MR. MULLIN) I don't want you to -- yeah,
9 I don't want you to tell me what you discussed with your
10 attorneys. I just want what you did.

11 A. Based on the inaccurate and false sales dates,
12 the decision was made to request that all missing and/or
13 sold vehicles be paid in -- paid in full that day.

14 Q. And did Ford receive any payments?

15 A. I don't -- I don't re- -- can you -- can you
16 re- -- can you repeat --

17 Q. Did you receive any payments as a result of
18 the request for payment?

19 A. Sorry. Yes, we did.

20 Q. Okay. But it didn't pay -- it didn't pay off
21 the whole?

22 A. One more time. I'm sorry.

23 Q. But it didn't pay off the -- the amount that
24 was owed?

25 A. The amount that was paid on Friday was the

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1 that I -- that I can give you right now, but there has
2 been vehicles that have been sold. We found out they
3 had been sold to the Ram organization, which we don't --
4 don't do business with.

5 Q. How many vehicles were those?

6 A. I -- I don't have the number.

7 Q. Do you have the dollar amount?

8 A. No, I don't.

9 Q. How did you find out about it?

10 A. After the on-site folks did some investigation
11 and asked questions and then found that information out
12 from whoever was on site for the dealership.

13 Q. Okay. Who is the on-site people that
14 discovered that, that there have been vehicles sold to
15 Ram?

16 A. I don't have specifics. I would have to go
17 back and -- but I don't have any specifics on every
18 single vehicle that has disappeared.

19 Q. Any? Can you tell me any of them, where you
20 got the information?

21 A. The one I'm thinking of is Lubbock Mitsubishi.
22 The vehicle was located at one of their -- not at the
23 main location, but a lot -- I believe they call it the
24 South Lot. And the vehicle apparently had been
25 delivered from that lot to the Ram location.

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1 amount that my understanding was due at that time. We
2 made additional efforts to verify that that -- those
3 funds were available. And -- and we were told -- my
4 understanding is, it was communicated from Shane to Gary
5 Byrd, the regional manager, that there would not be
6 enough funds to -- to clear, even though they had
7 submitted the funds via electronic funds.

8 Q. Since -- since July 27th, have you had any
9 further involvement with the Reagor-Dykes matter?

10 A. Yes.

11 Q. And what has that been?

12 MR. LESLIE: Objection; again, to the
13 extent it calls for anything that is attorney-client
14 privileged or any participation in the legal or
15 deliberative process. Other than that, you can answer.

16 A. I basically on a daily basis have been on the
17 phone with the folks that we have at each of the stores
18 attempting to continue to secure our collateral and take
19 possession of all keys, MSO's, and titles.

20 Q. (BY MR. MULLIN) Okay. Has any of your
21 collateral disappeared, in your view, since July 27?

22 A. Yes.

23 Q. Okay. What -- what collateral has disappeared
24 since then?

25 A. I don't have specifics, but I will tell you --

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1 Q. Is that one vehicle?

2 A. It's one vehicle, yes.

3 Q. Do we know what -- what make and model it was?

4 A. I don't know.

5 Q. Do you know if it was a vehicle that was
6 floored with Ford Motor Credit?

7 A. My understanding is that it was floored with
8 Ford Credit.

9 Q. Any others?

10 A. There's a recent example of a vehicle that was
11 at an up-fitter.

12 Q. What did you call them?

13 A. Up-fitter. So they were -- they were doing
14 some modifications to a vehicle.

15 Q. Okay.

16 A. And we had verified several -- I believe
17 two -- on two prior audits since -- since the 7/26
18 audit, we had verified the vehicle was there. And we
19 determined yesterday that the vehicle had been -- was no
20 longer available and had been, I think, picked up by the
21 customer that had purchased the vehicle.

22 Q. Okay. So do you know when the customer had
23 purchased it?

24 A. There was information in the file that said --
25 I believe it was a contract date of July 26th. And the

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1 vehicle was released to them from this up-fit company
 2 Friday, August 3rd.
 3 Q. Okay. And had the customer paid for the
 4 vehicle?
 5 A. We -- well, we believe, based on the contract,
 6 that it had been funded.
 7 Q. And was it a Ford Credit floor --
 8 A. Yes.
 9 Q. -- vehicle?
 10 A. Yes, it is.
 11 Q. Can you give me a make and model on that one?
 12 A. It's an F-450, and there was a flatbed put on
 13 it. And the balance -- the balance without the up-fit
 14 was close to 60,000 is what's due today on the
 15 wholesale.
 16 Q. So your concern there is that the -- you're
 17 not concerned about the customer taking the vehicle that
 18 he paid for, right?
 19 A. I'm concerned that the contract was dated
 20 July 26th and we were not paid for it.
 21 Q. Right.
 22 A. Yeah.
 23 Q. You hadn't been paid for the vehicle?
 24 A. Correct.
 25 Q. Not that the person actually has the vehicle?

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1 (The witness nods head.)
 2 Q. Okay. Anything else? Any other vehicles?
 3 A. I don't -- offhand, I don't have other
 4 examples.
 5 Q. All right. And has -- has Ford Motor Credit
 6 received payments since July 27th on -- on its loans?
 7 A. We have received funds from customers that
 8 have gone in to purchase vehicles with cashier's checks.
 9 And we've received funds for -- from contract -- Ford
 10 Credit contract proceeds where customers have purchased
 11 the vehicle and financed with Ford Credit.
 12 Q. Okay. Where the customer who's buying them
 13 goes ahead and finances with Ford Motor Credit?
 14 A. That's correct.
 15 Q. All right. Let me show you a few documents,
 16 see if you have seen these.
 17 Have you seen Exhibit No. 2?
 18 A. Is that all this -- this is all Exhibit 2?
 19 (Witness looks at document.)
 20 A. I don't recall seeing this specific exhibit.
 21 I --
 22 Q. Do you know the amount that Ford currently
 23 claims that Reagor-Dykes Auto Group owes to Ford Motor
 24 Credit?
 25 A. It would be the amount on the declaration

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1 page. So it was in the 40, 41 million range.
 2 Q. That's the -- let's look at Exhibit No. 3.
 3 Is this -- is this Ford's most current
 4 report on the out-of-trust lending?
 5 A. I -- I believe it is, yes.
 6 Q. Okay.
 7 A. As of this date, yes.
 8 Q. Okay. So whatever those figures add up to,
 9 that's the current amount --
 10 A. Right.
 11 Q. -- that you think is out of trust?
 12 A. Correct.
 13 Q. Okay. And then what I was getting was the
 14 total indebtedness of --
 15 A. Right.
 16 Q. -- of Ford Motor Credit, which -- is that
 17 what's supposed to be reflected on Exhibit 2? Do you
 18 know if that's what that report shows?
 19 A. I don't recall seeing this report, so I'm
 20 not --
 21 Q. Okay.
 22 A. And there's no total, so I --
 23 Q. Okay. Has Ford Motor Credit done a valuation
 24 of its existing collateral?
 25 A. I'm not sure I understand

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1 Q. Well, one of the issues that could come up at
 2 hearings that are to be held in this case in the next
 3 month or so, including tomorrow, would be the value of
 4 your -- of Ford Motor Credit's existing collateral, how
 5 much is that worth. Do you have any idea what that
 6 number is?
 7 A. No.
 8 Q. How would you go about calculating it?
 9 MR. LESLIE: Objection; calls for
 10 speculation.
 11 You can go ahead and answer it if you
 12 understand or if you can.
 13 A. I think it would be -- I -- I don't know. At
 14 this point, I couldn't say.
 15 Q. (BY MR. MULLIN) Okay. So as of -- as of
 16 today, do you know anybody at Ford who knows the
 17 valuation of your collateral?
 18 A. No.
 19 Q. And I mean Ford Motor Credit --
 20 A. Right.
 21 Q. -- not the -- all right. You understand --
 22 A. Yes, I understand.
 23 Q. -- what I'm saying? Okay.
 24 Let me show you Exhibit Corner No. 1.
 25 A. Okay.

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1 Q. And these are what the previous witnesses have
2 identified as deals in transit.

3 A. Okay.

4 Q. Are -- have you seen this list before?

5 A. I don't -- I don't recall seeing this list,
6 no.

7 Q. Okay. Do you know if Ford Motor Credit is
8 claiming that this -- any or all of this list of \$8.2
9 million in receivables is towards Ford Credit's
10 collateral?

11 MR. LESLIE: Objection; calls for a legal
12 conclusion. Direct him not to answer.

13 MR. MULLIN: I can't ask the witness what
14 the collateral is?

15 MR. LESLIE: It's not his document.
16 You're giving him a number. You're saying a portion of
17 this. We have no knowledge about the accuracy of it,
18 nor was he involved in generating it.

19 MR. MULLIN: Well --

20 MR. LESLIE: So if you want to ask him
21 about what Ford Credit's position is or if he knows Ford
22 Credit's position regarding contracts in transit, ask
23 him.

24 MR. MULLIN: I told him it was contracts
25 in transit. I mean, what are you trying to do --

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1 MR. LESLIE: You asked him about that
2 total, that number versus Ford Credit's claims. He's
3 not going to speak to Ford Credit's claims. If you ask
4 him about what Ford Credit believes to be the number and
5 he can answer that, he can answer that.

6 MR. MULLIN: Again, I'm giving him a list
7 of receivables, and I'm asking him if Ford Motor Credit
8 is claiming those receivables as collateral.

9 MR. LESLIE: There's an absolute lack of
10 foundation from where this information came from other
11 than Mr. Conner himself. This witness has not seen it
12 before. And I'm not going to have him answer questions
13 about that document or in any way validate that
14 document. You're not entitled to that. You can ask
15 him, does Ford Credit claim an interest in contracts in
16 transit? And if so, what amount? And if he knows --

17 Q. (BY MR. MULLIN) Do you claim -- do you claim
18 an interest in these contracts in transit?

19 MR. LESLIE: Objection to --

20 Q. (BY MR. MULLIN) These particular contracts?

21 MR. LESLIE: These contracts in transit?

22 MR. MULLIN: Yes, yes. That's what I
23 want to know.

24 MR. LESLIE: He's never seen it before.

25 Do you have any knowledge about those

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1 particular vehicles in transit?

2 THE WITNESS: No.

3 Q. (BY MR. MULLIN) Is Ford Motor Company
4 claiming a security interest in the vehicle receivables
5 on Conner Exhibit 1?

6 MR. LESLIE: Objection; again calls for a
7 legal conclusion. Direct him not to answer.

8 MR. MULLIN: All right. Well, don't
9 say -- don't say you have it tomorrow. Today you can't
10 remember. Nobody knows. It's a legal conclusion. It's
11 confusing. But tomorrow --

12 MR. LESLIE: You're asking --

13 MR. MULLIN: -- it'll be clarified very
14 much.

15 MR. LESLIE: Mr. Mullin, you're asking
16 specifically whether Ford Credit is claiming a security
17 interest. You're asking for a legal position. You're
18 not asking him what does -- what does Ford Credit claim
19 to have an interest in. You're not asking him about
20 specific vehicles. You're asking him about a list of
21 customer contracts provided by Mr. Conner that he's
22 never seen before. You're asking him if we claim
23 security interest in these particular ones. No, he's
24 not going to answer that question. That's a legal
25 question.

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1 MR. MULLIN: He's the one that signed the
2 declaration and --

3 MR. LESLIE: And his declaration didn't
4 talk about contracts in transit or this list which
5 didn't even exist when he gave his declaration.

6 MR. MULLIN: He certainly -- he certainly
7 is taking the position on the collateral. And if he's
8 telling me he doesn't know whether it's your
9 collateral -- I mean, I don't think you're entitled -- I
10 don't think you have any right whatsoever to tell the
11 witness not to answer my question, absolutely not under
12 the Federal Rules, the Bankruptcy Rules, the Judge's
13 rulings, or anything else when I ask the witness, did
14 you have a collateral interest in these documents?

15 MR. LESLIE: I do when the witness is
16 being presented with a document he's never seen before
17 and has no opportunity to go back, check any records, do
18 anything else. And you're asking him for a legal
19 conclusion. Are we asserting a security interest in
20 these specific vehicles? That's not a question that
21 he's going to answer. If you want to ask him about what
22 our security interest pertains to --

23 MR. MULLIN: And he can say he doesn't
24 know, sir. He can say he doesn't know. He doesn't have
25 a right to not answer. You can't just sit here and tell

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1 witnesses don't answer anything, don't tell anything,
 2 You can't, okay? You're violating the rules. It's a
 3 joke.
 4 MR. LESLIE: I respectfully disagree.
 5 MR. MULLIN: Well, you can respectfully
 6 disagree. But you're just wrong.
 7 Q (BY MR. MULLIN) Are you going to answer that
 8 question?
 9 A. No.
 10 Q. All right. Let me show you Conner Exhibit
 11 No. 2.
 12 Does Ford Motor Credit claim an
 13 interest -- security interest in any of the un-floored
 14 vehicles on Conner Exhibit No. 2?
 15 MR. LESLIE: Objection to the extent
 16 again -- have you seen that document before?
 17 THE WITNESS: No.
 18 MR. LESLIE: The witness has never seen
 19 the document. You're asking him to assert whether or
 20 not there's an interest in those particular items of
 21 inventory.
 22 Do you know, as you sit here today,
 23 whether those are subject to our floor plan or not -- or
 24 excuse me -- to our security interests or not?
 25 THE WITNESS: I don't know.

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1 MR. MULLIN: I object to you asking the
 2 witness questions instead of objecting, which is also a
 3 violation of the rules.
 4 MR. LESLIE: Well, there's also a little
 5 case called Donde, which says we're supposed to
 6 cooperate and work. And I'm trying to do that. If
 7 you're going to ask him a legal conclusion about a list
 8 of vehicles he's never seen before, that's not a fair
 9 question to him, and it does call for a legal
 10 conclusion.
 11 MR. MULLIN: Well --
 12 MR. LESLIE: He's not going to give legal
 13 conclusions.
 14 MR. MULLIN: -- this document was an
 15 exhibit at the depositions on Monday. And I -- I
 16 certainly am entitled to ask him. It has the list of
 17 the vehicles, what they are, and tells you what -- what
 18 they are and what the inventory value is. I don't
 19 know -- I don't understand why he can't answer that
 20 question. Either --
 21 MR. LESLIE: He's answered that he's
 22 never seen it before.
 23 MR. MULLIN: It's either yes, no, or I
 24 don't know.
 25 MR. LESLIE: He's said he's never seen it

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1 before and has no knowledge of whether these specific
 2 vehicles are subject to security interest. He's
 3 answered it.
 4 MR. MULLIN: That's your testimony. That
 5 isn't his testimony.
 6 MR. LESLIE: He answered it.
 7 MR. MULLIN: You are testifying, not him.
 8 Q (BY MR. MULLIN) What is your answer?
 9 MR. LESLIE: Objection; direct him not to
 10 answer.
 11 MR. BUSTOS: I join Mr. Mullin's
 12 objections in terms of his narrative objections, which
 13 is essentially coaching a witness or testifying for a
 14 witness.
 15 MR. MULLIN: Yeah. It's totally -- to
 16 quote Donde back to me while you're doing what you're
 17 doing is exactly what Donde was designed to prevent.
 18 Q (BY MR. MULLIN) All right. Let's go back
 19 to -- does -- has Ford Motor Credit -- are they claiming
 20 an interest in -- a security interest in the -- any of
 21 the Reagor-Dykes equipment, furniture, fixtures, any of
 22 those items?
 23 A. Yes.
 24 Q. All right. How -- what attempt has Ford Motor
 25 Credit taken to value that equipment and furniture and

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1 fixtures?
 2 A. I'm not aware of any actions.
 3 Q. So Ford doesn't know what it's worth?
 4 MR. LESLIE: Objection. That's not what
 5 the witness testified. You're assuming facts not in
 6 evidence.
 7 MR. MULLIN: You are making speaking
 8 objections. You're making speaking objections, and
 9 you're just -- you're just completely violating the
 10 rules. You are completely violating the rules by what
 11 you're doing. You're not allowed to put words in his
 12 mouth. Let the man answer the question.
 13 MR. LESLIE: If your question assumes
 14 facts not in evidence or makes an assumption, I'm going
 15 to object. I've objected.
 16 MR. MULLIN: Assumes facts not in
 17 evidence, that's a ridiculous objection in a deposition.
 18 I mean, nothing is in evidence until we get in the
 19 courtroom.
 20 Q (BY MR. MULLIN) So do you refuse to -- to
 21 answer the question whether anyone at Ford has valued
 22 the -- the other -- other collateral, the furniture,
 23 fixtures, equipment that it's claiming -- that you say
 24 they're claiming as collateral?
 25 MR. LESLIE: Could you read back, please,

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1 the last question that was answered by the witness?
 2 (Reporter reads back requested portion.)
 3 MR. LESLIE: Thank you. Objection; asked
 4 and answered.
 5 You can still answer.
 6 A. I'm unaware of any actions.
 7 Q. (BY MR. MULLIN) And Ford has -- Ford Motor
 8 Credit has conducted an inventory of all the vehicles at
 9 all the dealerships of the Reagor-Dykes Auto Group?
 10 A. Yes.
 11 Q. Okay. And is there a document that reflects
 12 that -- the results of that inventory?
 13 A. There is a document that would show the
 14 results of the -- of a wholesale audit, yes.
 15 Q. And what's that document called?
 16 A. I don't know that there's a name for it. It's
 17 just a -- they -- it's summary results of a wholesale
 18 audit.
 19 Q. Okay. And has that document been provided to
 20 Reagor-Dykes?
 21 A. I'm unaware whether it has or not.
 22 Q. Do you know what it shows the total inventory
 23 to be?
 24 A. No, I don't.
 25 Q. Does anybody at Ford know that -- what that

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1 total inventory amount is?
 2 A. I'm sure there probably is someone from our
 3 business center that could show that information, yes.
 4 Q. Is it Paul Boudreau?
 5 A. I don't believe so.
 6 Q. Has -- has anybody at Ford Motor Credit done
 7 an analysis of whether there are any transactions in
 8 transit that -- in which Ford Motor Credit has a
 9 security interest?
 10 A. Can you be more specific?
 11 Q. Well, have you tried to track down whether
 12 there are any pending transactions where the funds have
 13 not been received yet by the company, but where the --
 14 the vehicle has been sold --
 15 A. Uh-huh.
 16 Q. -- and there's an expectation of receiving
 17 funds in payment; in other words, the customer has not
 18 paid for -- paid Reagor-Dykes for the vehicle, but the
 19 customer already has obtained possession of the vehicle?
 20 A. I guess I'm still trying to --
 21 Q. Well, do you have a list of those --
 22 A. -- understand. A list of what?
 23 Q. Of transactions where the -- where a vehicle
 24 has been sold and the customer has taken possession of
 25 the vehicle --

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1 A. Uh-huh.
 2 Q. -- and the -- however the transaction was
 3 being funded --
 4 A. Uh-huh.
 5 Q. -- by the -- the lender to the customer --
 6 A. Right.
 7 Q. -- has not yet paid the money to --
 8 A. Right.
 9 Q. -- Reagor-Dykes?
 10 A. So just to clarify, are you talking about
 11 contracts in transit?
 12 Q. Yes.
 13 A. My understanding is there's someone at the
 14 Nashville business center that has -- has issued
 15 assignments to the lending source in order to acquire
 16 funds that have not yet been sent to the Reagor-Dykes
 17 Group.
 18 Q. Okay. And who would that person be?
 19 A. I don't know that there's a specific person at
 20 the Nashville business center, but I'd have to -- I
 21 mean, we -- we could request the information and --
 22 Q. Okay. Do you have a -- is there a list of
 23 those transactions where the assignments have been
 24 issued in Ford's possession?
 25 A. I believe we have a list of -- of -- of

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1 assignments.
 2 Q. And when you say an assignment, what's being
 3 assigned?
 4 A. Proceeds from the -- from the contract.
 5 Q. And from whom to whom -- who's assigning what?
 6 A. We would send the assignment out to the
 7 lending -- the lender advising them that we have
 8 priority in receiving funds on those contracts.
 9 Q. Okay. And do you know which lenders have been
 10 communicated with?
 11 A. I don't know.
 12 Q. But there's a list of that information that
 13 Ford has?
 14 A. That's my understanding, yes.
 15 Q. Do you know what the volume -- the dollar
 16 volume of that is?
 17 A. I don't know.
 18 Q. Do you know if Ford has received any money as
 19 a result of those assignments?
 20 A. My understanding, based on the information I
 21 believe as of yesterday, the answer is, no.
 22 Q. Are you aware of any effort by Ford to
 23 evaluate the amount of money that is -- is outstanding
 24 for tax, title, and licenses on Ford floor plan vehicles
 25 that were sold and then there were -- the checks for the

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1 tax, title, and license has either -- were never issued
2 or were not paid?

3 A. I believe we're making an effort to try to
4 determine for specifically Ford accounts -- Ford Credit
5 accounts and for -- so I believe there is someone in the
6 Nashville business center that is looking into that.

7 Q. Again, do you know that person?

8 A. No, I don't specifically.

9 Q. Do you know how much money is involved in this
10 that --

11 A. I don't.

12 Q. Has -- has Ford yet issued any checks to -- or
13 made payments on -- for the tax, title, and licenses on
14 any vehicles?

15 A. I'm not aware that there's been any checks
16 issued.

17 Q. Okay. Has Ford done any analysis to determine
18 whether there are vehicles subject to Ford's floor plan
19 that were sold and there was a trade-in vehicle and the
20 trade-in was subject to a security interest in favor of
21 another lender, but that other lender hasn't been paid
22 off?

23 A. I believe we, again, have a different team in
24 Nashville that's looking into that.

25 Q. And have you -- is there a list of those

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1 transactions?

2 A. Not that I'm aware of at this point.

3 Q. Do you know if Ford has made any effort to pay
4 any of those liens off?

5 A. I am not aware of that, no.

6 Q. I may have asked you this, but have you had
7 any contact with Shane Smith since July 27th?

8 A. No.

9 Q. Has Ford done any analysis or investigation to
10 determine if any of the vehicles on which it's claiming
11 a lien are also subject to a claim of lien or security
12 interest by another lender?

13 A. My understanding is, yes. Once again, the
14 Nashville business center is -- has been trying to
15 figure that out.

16 Q. Okay. And is there any kind of a list or a
17 report on that?

18 A. I believe there might be a list of vehicles
19 that were double-floored.

20 Q. Okay. Now, when you say, "double-floored," I
21 think what we've been referring to as double-floored in
22 this deposition has been vehicles where they have been
23 double-floored with Ford.

24 A. Uh-huh.

25 Q. In other words, you know, you advanced on it

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1 twice.

2 A. Right.

3 Q. But you're talking about as double-flooring
4 where it's floored with two different lenders?

5 A. That's correct.

6 Q. Okay. And -- so Ford has a list of those, you
7 think?

8 A. I believe we do.

9 Q. Okay. And who has that?

10 A. It would be someone from the Nashville
11 business center.

12 Q. Okay. All right. Have you seen the list?

13 A. I believe I have seen the list in the early
14 stages. I'm not -- we've had a lot going back and
15 forth. So I believe I have seen the list, yes.

16 Q. Do you know what the volume is of loans of
17 vehicles --

18 A. Offhand --

19 Q. -- that are subject to two liens?

20 A. -- I don't specifically remember the numbers.

21 Q. All right. Let me take a little break.

22 (Break from 3:20 p.m. to 3:26 p.m.)

23 Q. (BY MR. MULLIN) Mr. Leal, let me ask you a
24 couple of questions about the -- July 26th and 27th.
25 Was that audit a -- out of the normal cycle?

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1 A. Based on the information we received from the
2 Monday, July 23rd Webex meeting with Jim Conlan, based
3 on that information, we definitely accelerated the
4 audit.

5 Q. Okay. And so that audit -- well, let me ask
6 you this. Was it usual practice in connection with an
7 audit -- if there were out-of-trust lending discovered,
8 how many days would the customer be given to pay that
9 off? I mean the dealer.

10 MR. LESLIE: Object to form.

11 You can answer if you understand the
12 question.

13 A. Can you repeat again?

14 Q. (BY MR. MULLIN) In a usual audit situation
15 for Ford Motor Credit, if out-of-trust lending was
16 discovered in an audit, how many days would the dealer
17 be given to pay off the out-of-trust condition?

18 A. I don't know that -- based on the
19 circumstances, that -- that -- and being in this
20 position, that we would have allowed additional
21 processing days based on the information we -- we knew
22 about.

23 Q. Here with Reagor-Dykes?

24 A. Yes.

25 Q. But I was just saying in general.

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1 A. It depends on the situation.

2 Q. Okay. Because in the Reagor-Dykes situation,
3 you essentially gave them just one day to make for it
4 whole, correct?

5 A. That's correct.

6 Q. Does -- does Ford have any information -- does
7 Ford Motor Credit have any information indicating that
8 anyone other than Shane Smith was involved in providing
9 Ford false data?

10 MR. LESLIE: I'm just going to object to
11 the extent it calls for anything that's attorney-client
12 privileged.

13 Other than that, you can answer.

14 A. I don't know.

15 Q. (BY MR. MULLIN) You're not aware of anything
16 at this time?

17 A. No.

18 Q. On the -- on the tax -- taxes, title, and
19 license money, is it true that there were customers of
20 Reagor-Dykes who paid for the tax, title, and licenses
21 on their cars or their unit that they purchased and that
22 Ford seized that money?

23 A. I'm not aware of that, no.

24 Q. You don't know about that happening?

25 A. No.

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1 Q. Let me ask you one -- one last question about
2 this Exhibit 4.

3 Have you been out to the lot in Floydada?

4 A. No.

5 Q. Do you know about the lot? Do you know that
6 that's one of the Reagor-Dykes lots that's on this -- on
7 this Exhibit 4 on the last page? It's one of the lots
8 on the audit.

9 A. I'm not -- I'm not aware of a lot that's -- is
10 that the Chevrolet store you're --

11 Q. Yes.

12 A. -- speaking to?

13 Q. Yes.

14 A. I'm not aware of another lot.

15 Q. In Floydada. I'm just talking about that lot,
16 that particular --

17 A. Oh.

18 Q. That particular lot, not another one.

19 A. I'm sorry.

20 Q. I'm just calling it Floydada.

21 A. I know there is a location there, but I've
22 never been.

23 Q. Okay. But you've seen data on that lot in
24 connection with your work after July 27th, correct?

25 A. What type of data?

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1 Q. Well, you've seen data on the inventory at the
2 Floydada lot, correct?

3 A. I believe I have, yes.

4 Q. All right. And would you agree with me that
5 it's a red flag that as of June 28th, 2018, there were
6 225 vehicles having advances from Ford of \$9.4 million
7 as of June 28th, 2018, that had not been paid?

8 MR. LESLIE: Objection to form and
9 relevance.

10 You can answer if you understand the
11 question.

12 A. I don't understand the question.

13 Q. (BY MR. MULLIN) Well, if 225 vehicles and
14 \$9.4 million is substantially the entire inventory of
15 the Floydada lot, its entire capacity, would it be a red
16 flag to Ford that supposedly that entire inventory had
17 been sold in the seven business days before this
18 June 28th, 2018, audit?

19 MR. LESLIE: Objection to relevance
20 regarding tomorrow's proceedings and direct you not to
21 answer.

22 A. I'm not going to answer.

23 MR. MULLIN: All right. Well, subject to
24 asking the Court to compel this witness to answer the
25 many, many questions he's refused to answer, I'll pass

Page 52

1 the witness.

2 MR. LESLIE: And objection to the
3 sidebar.

4 EXAMINATION

5 BY MR. BUSTOS:

6 Q. Mr. Leal, I'm Fernando Bustos, and I represent
7 Vista Bank. Good afternoon.

8 A. Good afternoon.

9 Q. Mr. Jim Conlan, is he an employee of Ford
10 Credit, or is he an outside consultant?

11 A. He's an employee.

12 Q. What's his job title?

13 A. I believe it's -- it's Black Belt. I don't
14 know specifically.

15 Q. Okay. So what little I seem to understand
16 about Six Sigma or whatever --

17 A. Uh-huh.

18 Q. So he may have that certification for having
19 gone through that kind of training, but is that his
20 title at Ford Motor Credit; John Conlan, comma, Black
21 Belt? I'm just curious.

22 A. I don't know.

23 Q. Okay.

24 A. I don't know.

25 Q. All right. You referenced vehicles being sold

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1 to the Ram organization. What is your understanding
 2 what the Ram organization is?
 3 A. My understanding is it's a used car operation.
 4 Q. And located where to your knowledge?
 5 A. I don't specifically know the location.
 6 Q. Has Ford Credit undertaken a lien analysis to
 7 see if cars on the lots may be subject to liens by other
 8 lenders?
 9 A. I'm not aware of that at this point.
 10 Q. And to make sure I understand, you do not have
 11 an understanding of what Ford's collateral is worth that
 12 they're claiming right now, correct?
 13 A. At this point, no. Yeah.
 14 Q. Expand that answer, please.
 15 A. I guess can you expand the question when
 16 you're talking about value?
 17 Q. Well, internal analysis that Ford has
 18 performed in terms of deciding, well, we think our
 19 collateral is worth X-million dollars?
 20 A. No.
 21 MR. BUSTOS: I'll pass the witness.
 22 EXAMINATION
 23 BY MR. STROHSCHEN:
 24 Q. Mr. Leal, my name is Steve Strohschein. I
 25 represent GM Financial in this matter.

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1 A. Okay.
 2 Q. Ms. Schmucker testified earlier about a
 3 capital loan made to the Reagor-Dykes dealerships last
 4 year in the amount of about \$5 million. Are you
 5 familiar with that loan?
 6 A. I'm familiar with it, yes.
 7 Q. And is that the only capital -- does that
 8 capital loan remain outstanding today?
 9 A. Yes.
 10 Q. Some portion of it.
 11 Do you know what is the balance due today?
 12 A. I don't know the exact amount.
 13 Q. Would that be the only capital loan or only
 14 non-floor plan indebtedness in Ford Motor Credit's
 15 current indebtedness owed by the Reagor-Dykes entities?
 16 A. That is my understanding, yes.
 17 Q. So of the 116 million, whatever the total may
 18 be, all of that would be floor plan indebtedness other
 19 than the capital loan?
 20 A. That is my understanding, yes.
 21 Q. And do you recall the purpose of the capital
 22 loan last year?
 23 A. My understanding is they originally had a
 24 revolving line of credit with us with a balance, and the
 25 \$5 million cap loan paid off the revolver -- revolving

Page 55

1 line of credit and advanced additional funds up to the 5
 2 million.
 3 Q. The revolver would have been in what credit
 4 limit? Do you recall?
 5 A. I don't recall, no.
 6 Q. But the 5 million cap loan was an increase of
 7 what the revolver was previously?
 8 A. That's correct.
 9 Q. And the 5 million cap loan is amortizing?
 10 A. Yes.
 11 Q. Over what period of time?
 12 A. I don't have that information.
 13 Q. And you don't recall a specific purpose for
 14 the additional increase in the cap loan at that time?
 15 A. My understanding is working capital.
 16 Q. And the borrower of the cap loan, would that
 17 be spread amongst all of the RDAG entities that you're
 18 flooring, or is there one particular entity?
 19 A. I don't have that information.
 20 MR. STROHSCHEN: I have no further
 21 questions.
 22 EXAMINATION
 23 BY MR. CARDER:
 24 Q. I'm Mark Carder for First Bank.
 25 You mentioned that you had seen the workup

Page 56

1 or a list that indicated that there were --
 2 double-floorings were described between Ford Credit and
 3 other third-party lenders. Do you recall that?
 4 A. Yes.
 5 Q. Do you know whether First Bank & Trust was
 6 identified as one of those other lenders?
 7 A. I could not -- I don't -- don't recall.
 8 Q. Do you recall what the title on the document
 9 of the list was?
 10 A. No.
 11 Q. Do you know who generated that?
 12 A. It would have been out of the -- someone out
 13 of the Nashville business center.
 14 Q. But you don't recall a specific
 15 representative?
 16 A. No, I don't.
 17 MR. CARDER: Pass the witness.
 18 MR. LASHAWAY: I'll reserve.
 19 EXAMINATION
 20 BY MR. MASSOUH:
 21 Q. John Massouh with First Capital Bank of Texas.
 22 With regard to the double-floored vehicles
 23 that you were discussing, there -- is a list of those --
 24 has that list been fully completed and compiled by
 25 someone in the Nashville business center?

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1 A. I'm not aware that it's complete. I
2 understand it's a work in progress.

3 Q. With regard to an inventory of Ford Motor
4 Credit floored vehicles, has that list been completed?

5 A. Inventory list of floor plan vehicles? Yes,
6 that -- we have completed a wholesale audit, I guess.

7 Q. Okay. And does that list differentiate
8 between the locations where the vehicles are currently
9 located?

10 A. Yes.

11 Q. How long has the Black Belt system been
12 available to Ford Motor Credit?

13 A. Can you expand on that or --

14 Q. I guess, explain to me what the -- what the
15 Black Belt system is. Maybe that might help.

16 A. I -- I probably couldn't explain it to you
17 well. I -- I'm aware of it, but --

18 Q. What does it do?

19 A. It -- my understanding is it analyzes data and
20 looks for areas of opportunity in looking for errors.
21 But I -- again, I'm not an expert in that.

22 Q. Has that -- that Black Belt ability through
23 Jim Conlan been available to Ford Motor Credit for more
24 than a year?

25 A. My understanding for that specific person --

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1 MR. MASSOUH: Pass the witness.

2 MR. MULLIN: I don't have anything
3 further.

4 MR. LESLIE: Okay. Reserve and keeping
5 it open per the discussion with the Court and the
6 understanding of the parties. Other than that, we're
7 done with this witness, I guess.

8 (Deposition concluded at 3:42 p.m.)
9

Page 58

1 or purpose, my understanding is -- is no.

2 Q. Okay. Do you know how long it had been
3 available?

4 A. My understanding is it's sometime this year
5 Q. Within the last six months?

6 A. That's my understanding.

7 Q. With regard to the contracts in transit, you
8 referenced that people at the Nashville business center
9 are working on assignments of those from the -- from
10 various lending sources. Did I hear that right?

11 A. That's correct. We -- we have a list of
12 lenders that we've sent assignments to, but we have no
13 idea what's outstanding, if they have -- have financed
14 contracts that haven't been paid. So we have no idea
15 about that.

16 Q. With regard to the list of lenders relating
17 to -- those list of lenders would be related to an
18 actual vehicle that had been sold, correct?

19 A. That's my understanding.

20 Q. And have you made it -- has Ford Motor Credit
21 made a determination as to those vehicles in which they
22 are seeking an assignment from the lending source,
23 whether those vehicles are actually Ford Motor Credit
24 floored vehicles? Or do you know, sir?

25 A. I'm not aware of that at this point.

Page 60

CHANGES AND SIGNATURE

2 WITNESS NAME: RENE LEAL

3 DATE OF DEPOSITION: AUGUST 15, 2018

4 PAGE LINE CHANGE REASON

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Page 61

1 I, RENE LEAL, have read the foregoing
2 deposition and hereby affix my signature that same is
3 true and correct, except as noted above.

4
5 RENE LEAL

6 THE STATE OF _____
7 COUNTY OF _____

8 Before me, _____, on this day
9 personally appeared RENE LEAL, known to me (or proved to
10 me under oath or through _____)
11 (description of identity card or other document)) to be
12 the person whose name is subscribed to the foregoing
instrument and acknowledged to me that they executed the
same for the purposes and consideration therein
expressed.

13 Given under my hand and seal of office this
14 _____ day of _____,
15

16 NOTARY PUBLIC IN AND FOR
17 THE STATE OF _____
18 COMMISSION EXPIRES: _____
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Page 63

1 REPORTER'S CERTIFICATION
2 DEPOSITION OF RENE LEAL
3 AUGUST 15, 2018

4 I, Kailee Pereida, CSR No. 8398, Certified
5 Shorthand Reporter in and for the State of Texas, hereby
6 certify to the following:

7 That the foregoing proceedings were taken before me
8 at the time and place therein set forth, at which time
9 the witness was put under oath by me;

10 That the testimony of the witness, the questions
11 propounded, and all objections and statements made at
12 the time of the examination were recorded
13 stenographically by me and were thereafter transcribed;

14 That a review of the transcript by the deponent was
15 requested;

16 That S _____ is the deposition officer's
17 charges to Mr. David Mullin, Attorney for Debtors, for
18 preparing the original deposition transcript and any
19 copies of exhibits;

20 That the foregoing is a true and correct transcript
21 of my shorthand notes so taken.

22 I further certify that I am not a relative or
23 employee of any attorney of the parties, nor financially
24 interested in the action.

25 I declare under penalty of perjury under the laws
of Texas that the foregoing is true and correct.

Dated this 15th day of August, 2018.

26 Kailee Pereida, Texas CSR 8398
27 Expiration Date: December 31, 2019
28 Caprock Court Reporting, Inc.
29 Firm Certificate Number: 374
30 1112 Texas, Suite 200
31 Lubbock, Texas 79401
32 (806) 795-4202

Page 62

1 IN THE UNITED STATES BANKRUPTCY COURT
2 FOR THE NORTHERN DISTRICT OF TEXAS
3 LUBBOCK DIVISION

4 IN RE: _____)

5 REAGOR-DYKES MOTORS, LP,)Case No. 18-50214-rjl11
6 Debtor,)

7 IN RE: _____)

8 REAGOR-DYKES IMPORTS, LP,)Case No. 18-50215-rjl11
9 Debtor,)

10 IN RE: _____)

11 REAGOR-DYKES AMARILLO, LP,)Case No. 18-50216-rjl11
12 Debtor,)

13 IN RE: _____)

14 REAGOR-DYKES AUTO COMPANY,)
15 LP,)Case No. 18-50217-rjl11
16 Debtor,)

17 IN RE: _____)

18 REAGOR-DYKES PLAINVIEW, LP,)Case No. 18-50218-rjl11
19 Debtor,)

20 IN RE: _____)

21 REAGOR-DYKES FLOYDADA, LP,)Case No. 18-50219-rjl11
22 Debtor,)
23
24
25

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:)
REAGOR-DYKES MOTORS, LP,) Case No. 18-50214-rlj11
Debtor.)

IN RE:)
REAGOR-DYKES IMPORTS, LP,) Case No. 18-50215-rlj11
Debtor.)

IN RE:)
REAGOR-DYKES AMARILLO, LP,) Case No. 18-50216-rlj11
Debtor.)

IN RE:)
REAGOR-DYKES AUTO COMPANY,)
LP,) Case No. 18-50217-rlj11
Debtor.)

IN RE:)
REAGOR-DYKES PLAINVIEW, LP,) Case No. 18-50218-rlj11
Debtor.)

IN RE:)
REAGOR-DYKES FLOYDADA, LP,) Case No. 18-50219-rlj11
Debtor.)

CORRECTION PAGES

1 -----
2 ORAL DEPOSITION OF

3 RENE LEAL

4 AUGUST 15, 2018

5 Volume 1
6 -----

7 ORAL DEPOSITION OF RENE LEAL, produced as a witness
8 at the instance of the DEBTOR, and duly sworn, was taken
9 in the above-styled and numbered cause on AUGUST 15,
10 2018, from 2:23 p.m. to 3:42 p.m., before Kailee
11 Pereida, CSR in and for the State of Texas, reported by
12 machine shorthand, at the law offices of Mullin, Hoard &
13 Brown, L.L.P., 1500 Broadway, Suite 700, Lubbock, Texas,
14 pursuant to the Federal Rules of Civil Procedure.
15
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25

A P P E A R A N C E S

FOR THE DEBTORS:

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-AND-

MR. DAVID R. LANGSTON

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31 mark.carder@stinson.com

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8 jdale@gablelaw.com

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11 LAW OFFICE OF HURLEY & GUINN
12 1805 13th Street
13 Lubbock, Texas 79401
14 (806) 771-0700
15 david@hurleyguinn.com

16 ALSO PRESENT:

17 Mr. Mike Cannon
18 Mr. Toby Cecil
19 Mr. Rick Dykes
20 Mr. Jonathan Hill
21 Mr. Howie Ravitz
22 Mr. Scott Wade
23
24
25

1 CHANGES AND SIGNATURE

2 WITNESS NAME: RENE LEAL

3 DATE OF DEPOSITION: AUGUST 15, 2018


4 PAGE LINE CHANGE REASON

5 11 10 "Central Market Area"

6 Reason - Mistake; utilized previous
7 name.8
9 57 25 "The 6-Sigma process has
10 been utilized by Ford Credit
11 for many years. My understanding
12 is that Jim Corlan began working on
13 this specific project this year.14 Reason: Misunderstood Question
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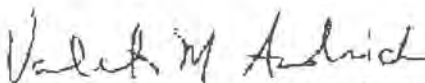
1 I, RENE LEAL, have read the foregoing
2 deposition and hereby affix my signature that same is
3 true and correct, except as noted above.

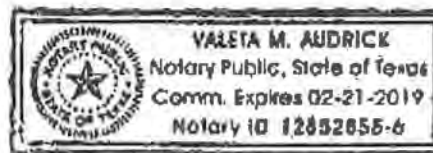
4 
5 RENE LEAL

6
7 THE STATE OF Texas)
8 COUNTY OF Collin)

9 Before me, Valetta M. Audrick, on this day
10 personally appeared RENE LEAL, known to me (or proved to
11 me under oath or through Texas Drivers License)
12 (description of identity card or other document)) to be
the person whose name is subscribed to the foregoing
instrument and acknowledged to me that they executed the
same for the purposes and consideration therein
expressed.

13 Given under my hand and seal of office this
28th day of August, 2018

14
15 
16 NOTARY PUBLIC IN AND FOR
17 THE STATE OF Texas
COMMISSION EXPIRES: 2-21-19



IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

IN RE:

REAGOR-DYKES MOTORS, LP, } Case No. 18-50214-rlj11
Debtor. }

IN RE:

REAGOR-DYKES IMPORTS, LP, } Case No. 18-50215-rlj11
Debtor. }

IN RE:

REAGOR-DYKES AMARILLO, LP, } Case No. 18-50216-rlj11
Debtor. }

IN RE:

REAGOR-DYKES AUTO COMPANY, }
LP, } Case No. 18-50217-rlj11
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IN RE:

REAGOR-DYKES PLAINVIEW, LP, } Case No. 18-50218-rlj11
Debtor. }

IN RE:

REAGOR-DYKES FLOYDADA, LP, } Case No. 18-50219-rlj11
Debtor. }

REPORTER'S CERTIFICATION
DEPOSITION OF RENE LEAL
AUGUST 15, 2018

I, Kailee Pereida, CSR No. 8398, Certified
Shorthand Reporter in and for the State of Texas, hereby
certify to the following:

That the foregoing proceedings were taken before me
at the time and place therein set forth, at which time
the witness was put under oath by me;

That the testimony of the witness, the questions
propounded, and all objections and statements made at
the time of the examination were recorded
stenographically by me and were thereafter transcribed;

That a review of the transcript by the deponent was
requested;

That \$ 955.00 is the deposition officer's
charges to Mr. David Mullin, Attorney for Debtors, for
preparing the original deposition transcript and any
copies of exhibits;

That the foregoing is a true and correct transcript
of my shorthand notes so taken.

I further certify that I am not a relative or
employee of any attorney of the parties, nor financially
interested in the action.

I declare under penalty of perjury under the laws
of Texas that the foregoing is true and correct.

Dated this 15th day of August, 2018.

Kailee Pereida

Kailee Pereida, Texas CSR 8398
Expiration Date: December 31, 2019

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Firm Certificate Number: 374
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Lubbock, Texas 79401
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